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WEST EUROPE REPORT

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THEFT, HIDING OF EXPLOSIVES BY TERRORISTS IN ZURICH AREA REPORTED

Zurich NEUE ZUERCHER ZEITUNG in German 7 Apr 82 p 25

[Article by: "Zurich as Weapons Depot and Meeting Place for Terrorists"]

[Text] At the beginning of the 1970's, internationally active terrorists stole large quantities of weapons and explosives from Swiss Army depots. Since then these installations have been guarded constantly and terrorist circles have specialized in stealing their supplies of explosives for bomb attacks from storage facilities of Swiss construction sites. In connection with the arrest of 31-year-old Claudia Bislin and 32-year-old Juerg Wehren, the police discovered in Zurich forests a total of 7 hiding-places for explosives. Claudia Bislin and Juerg Wehren were arrested on 11 November 1981 on the grounds of an antique dealer, located on Sportweg in Zurich 5, when they came to the hiding-place to pick up approximately 40 kilograms of explosives, fuse cords, detonator caps as well as weapons and ammunition.

Furthermore, approximately 24 kilograms of explosives, 150 rounds of pistol ammunition, 10 meters of detonation fuse as well as 17 millisecond detonators were confiscated on 3 June 1981 in the car of 31-year-old Barbara Augustin from Frankfurt, when she was arrested at the customs crossing of Rheingau. According to the most recent investigations, these materials came from the ammunition and weapons depot of Claudia Bislin and Juerg Wehren. Barbara Augustin was sentenced to 3 years and 9 months in the penitentiary at the beginning of February 1982 in Zurich. Claudia Bislin and Juerg Wehren will have to stand trial following the conclusion of the investigation, which will still be during the first half of this year.

Connections to Internationally Active Terrorists

In the meantime it has also become known that Barbara Augustin from Frankfurt, allegedly a nurse, had been living together with the 34-year-old publisher Johannes Weinreich (alias "Steve") and his 31-year-old companion Magdalena Kaupp from Ulm (alias "Vera") on Wittelsbacher Allee in Frankfurt. The police considers Weinreich the head of the terrorist group "Revolutionary Cells." In the middle of the 1970's he had been recruited by the internationally sought terrorist Illich Ramirez-Sanches, known as "Carlos," and he participated in the 1975 bazooka attack at the Paris-Orly airport. Since 1979 he has been living in the underground. Magdalena Kaupp, however, was arrested in the middle of

February 1982, along with the 34-year-old Bruno Breguet from Tessin, only 2 hours before a planned attack on the Hotel de Ville in Paris. At the present time, the investigating authorities are not revealing the origin of the explosive material which was used to build a 5-kilo time bomb, but they are not denying that the explosive material came from Switzerland.

The arrested Bruno Breguet is not an unknown. In 1970 he was sentenced to 15 years in prison in Israel for attempted import of explosives, but he was released early after his sentence had been reduced first to 10 and later to 7 years, leaving prison in 1977. Following the arrest of Breguet and Magdalena Kaupp, the terrorist leader "Carlos" threatened to assassinate Jacques Chirac, mayor of Paris and leader of the Gaullists, unless Breguet and Magdalena Kaupp were released by 28 March. It has not yet been established whether "Carlos" was responsible for the attack on the express train "Le Capitole du soir," which happened after the decline of the ultimatum. As reported, 5 people died and 27 were injured during the attack. To be sure, according to statements in a Spanish newspaper a group of right-wing extremists claimed responsibility for the attack, but, on the other hand, investigations by German authorities increased the suspicion that "Carlos" was behind it.

After Breguet's arrest an apartment in West Berlin was searched by the police, and in the process documents were found that revealed not only connections between Breguet and the Popular Front for the Liberation of Palestine but also between Breguet and "Carlos." Furthermore, the city map that was found on Breguet when he was arrested was marked with the red crosses to indicate Chirac's office and a restaurant which he frequents regularly.

Swiss as Leading Terrorists?

Not until the investigation is concluded and the judge makes his decision, will it be known whether, in addition to Breguet, the Swiss Claudia Bislin belongs among the leading terrorists. Claudia Bislin, who claimed to be a truck driver when she was arrested, at one time was a secretary in Bernard Rambert's law firm. It has been ascertained that her former employer is defending her in court. On previous occasions, Rambert had also defended Barbara Augustin and the two Red Army Faction terrorists Kroeher and Moeller. Juerg Wehren, who lists his occupation as "construction manager," should only be considered a marginal figure; he is Claudia Bislin's friend.

8991

CSO: 3103/393

FORMER DEPUTIES TRIED ON TERRORIST CONNECTION

Istanbul CUMHURIYET in Turkish 29 Jan 82 pp 1, 11

[Text] Ankara (CUMHURIYET BUREAU)--The trial of former Ordu national deputies Temel Ates and Ertugrul Gunay began yesterday at the Ankara Martial Law Third Military Court. The indictment was read first. The prosecutor is seeking trial of Temel Ates and Ertugrul Gunay on charges of promoting the effectiveness of an illegal organization by endorsing the illegal organization in public speeches they made at various meetings, facilitating the execution of acts committed by this organization, openly condoning acts considered a crime under the law and encouraging the public to disobey the law." The indictment, based on statements by various witnesses, seeks the conviction of Ates and Gunay under various articles of the Turkish Penal Code requiring from 3 months to 4 years imprisonment.

At the trial, attended by Antoine Herrero of the World Federation of Labor Unions as an observer, questioning of Temel Ates was begun first. Temel Ates stated that the acts attributed to him in the indictment are categorically false. "The source of these accusations is in interparty and internal party conflicts both within and outside of my election district. I reject these claims," he said.

Stating that he had not spoken while a parliamentarian at any indoor or outdoor meeting in Fatsa, Ates said in summary:

"As of June 1980, terrorist incidents were mounting in Golkoy as well as nationwide. A person with no party affiliation whatsoever was killed in Golkoy District by being shot by persons of rightest convictions. Idris Gursoy, Ertugrul Gunay and I were summoned to Golkoy District. We made a speech calling for calm and unity. In fact, on our return to Ordu, we issued a press release dated 24 June in which we called upon all citizens, party members or not, for peace, unity and cohesiveness."

Ates, asserting his inability to speak and act on behalf of the goals of an illegal organization, said:

"My view is the DEV-YOL [Revolutionary Road] view. I am not acquainted with DEV-SOL [Revolutionary Left]. The only flag is the crimson flag, I know no other flag. I did not say, 'There will be revolution in Turkey within a year,'

and the claim that I described to those around me how the revolution would take place is false. Kemal Kayalik who was presented as a witness to this event claimed that I said this at the Dedeman Hotel lobby and while leaving the Anatolian Club. It is impossible to understand how it could be accepted as true that I would have described how the revolution would be conducted in front of everyone in the public lobby of the Dedeman Hotel and that I made these comments while getting into a car in front of everybody outside the Anatolian Club following a dinner after a party meeting. Taking this statement seriously is regrettable and utterly preposterous."

Ates said during his testimony that he could not remember whether he had sent a condolence telegram following the murder of Sehittin Tiric in Fatsa and that he had not written a letter abroad to a magazine named YOL.

Ertugrul Gunay, in his testimony, pointed out that he rejected all charges in the indictment and said that the two persons who testified against him in the indictment were drunkards. Gunay said in summary:

"The witnesses named in the indictment, Hamdi Parlak and Fikri Ucar, are drinking buddies. They are trying to correlate my speech at the RPP Fatsa District congress which was held at the Cem Theater on 15 April 1979 with a meeting they made up in their own minds or one I did not attend. This is a scheme to frame me."

Answering the charge that he opposed the government measures needed to quell certain disturbances, Gunay said, "This claim goes beyond us and the government to the state. I reject this claim."

At the conclusion of Gunay's testimony, Temel Ates and Ertugrul Gunay requested that they be released. Speaking for the defense attorneys, Onder Sav requested that Gunay and Ates, who have been in detention for 13 months, be released.

The prosecutor gave the opinion that the request for release should be denied.

The judicial committee ruled at the end of the session that Gunay and Ates should remain in detention and that trial should be postponed to allow certain witnesses to be heard.

8349

CSO: 4654/161

ENERGY MINISTER NIELSON IN MIDST OF POLICY CONTROVERSY

Copenhagen BERLINGSKE TIDENDE in Danish 7 Apr 82 Sec II p 2

[Article by Peter Kjelstrup]

[Text] The multifaceted energy policy of Poul Nielson and the Social Democrats has run into serious snags. This has resulted in arbitration and national audit actions.

How can one deprive Energy Minister Poul Nielson of control over the enormous energy investments without at the same time losing the right to call him to account when and if something goes wrong?

That is perhaps the most paradoxical of the many energy policy problems that have been piling up and within the next few weeks Folketing will have to take a stand on a good many of them. For it is seldom that a ministry and a minister have saddled themselves with as many problems as the minister who moved into the Environmental Agency building on Strandgade a little over 2 years ago with his newly-established Energy Ministry and a single heirloom, the natural gas project.

And perhaps it is not just in the physical sense that the ministry has muscled in on its colleagues on the environmental front, so that most of the building is now filled with energy problems, while the environmental people have only the ground floor, canteen and fourth floor left. Perhaps this is also true in the sense of being a topic for debate.

Gas Problems

The stack of energy problems in Folketing consists primarily of natural gas problems. How can they safeguard against gigantic deficits in DONG [Danish Oil and Natural Gas]? With this perspective, how can they get a majority to go along with extending the gas network by another several billion kroner so that it can also reach central and northern Jutland? And how can they guarantee that the shaky economic results of natural gas will not be totally undermined when parties both to the left and to the right of the energy

minister want to have more municipal autonomy in the energy sector while at the same time the project cannot tolerate the smallest reduction?

And at the same time, the DONG stockholder company and the gas and heating price committee of the Monopoly Inspectorate broke off talks after a few preliminary rounds, leaving the really big problem--namely approval of gas prices--unresolved. And while these groups are girding themselves for new rounds, this problem is also expected to end up in Folketing, because in the opinion of DONG acting board chairman, Ambassador Jens Christensen, the Monopoly Inspectorate's regular price-setting rules would make it hard for DONG to meet all its obligations.

But even if it is possible to reach agreement on the shaky natural gas project and perhaps even find some kind of control over the DONG state-owned company that would at least politically act to keep work horse Poul Nielson in check, it would not mean that the energy minister's troubles would be over.

These troubles stem in large part from the fact that practically right up until last week, Poul Nielson insisted that the natural gas project was entirely sound while both political sources and the state-owned DONG company were pounding entirely different and more negative figures into the minister's head.

First Aid Needed

Last week, the ministry finally prepared a note in which the natural gas figures added up to the same result long warned of by DONG, a result that had been announced publicly soon after the contract was signed on laying a pipeline across the Great Belt.

According to the note, Poul Nielson's excuse for his about-face is that this is the first time they had included all the very latest prices and connection forms in the calculations. First aid from the minister is urgently needed.

Conflict with A. P. Moller

Several headaches remain. The conflict with A. P. Moller has become a veritable war and the ambition to make DONG the shipping firm's equal in the quest for oil has already led to an arbitration case and a case before the National Audit Board. At least one more arbitration case is on the way.

The first arbitration case involved approval of the work program presented by the Danish Underground Consortium. And here Poul Nielson simply believes that not enough holes will be drilled in the North Sea. There is also conflict as to what exploratory drilling really is. In the nine blocks in question, DUC [Danish Underground Consortium] will drill a minimum of nine holes, which is in accordance with good practice, according to A. P. Moller. Poul Nielson

says that only five exploratory holes will be drilled, since the others involve so-called demarcation drilling in his terminology and besides, he wants a total of 16 exploratory holes drilled, partly for preventive reasons.

A String Broken

In a few weeks an arbitration court will look into the problem. And in the meanwhile, they are working up to the next arbitration case, since Poul Nielson does not want to approve the return of concession areas. As of 1 January, A. P. Moller turned over half of the North Sea. But Poul Nielson has described the tricks played afterward as "pure fretwork." Within a few weeks this case will probably also be ripe for arbitration.

Strangely enough it was not the billions involved in the biggest investment project to date, namely the natural gas network, that finally released the entrenched opposition to the minister a few weeks ago in the form of Radical Liberal Lone Dybkjaer's remark that Poul Nielson's ministerial manner was an obstacle to a sensible energy policy. It was the 23 million kroner, just chicken feed in the energy context, that DONG had borrowed from its own oil subsidiary, Dofas, in order to start building up the things needed in an exploratory company. Those 23 million kroner were used to acquire knowledge about the depths of the North Sea. A good deal of it was acquired from the Danish Geological Survey.

This money, the 23 million kroner, had been used before Poul Nielson went to the Finance Committee to request 32 million kroner for the same purpose. And there is apparently one thing Folketing does not like and that is that the decisions the body is asked to make have more or less been made in advance.

The National Audit Board must now decide the matter.

A little over 2 years ago, Poul Nielson announced his and the Social Democrats' energy program, calling it an energy policy with several strings. A so-called three-stage rocket would quickly lead to a decision on the introduction of nuclear power. That string is broken. And the others are evidently all snarled up.

And not a word about more "clear as a bell" state oil contracts.

6578

CSO: 3106/101

BRIEFS

STATE FIRM'S FIRST OIL--State-owned DONG [Danish Oil and Natural Gas] has obtained its first North Sea oil. Last week it delivered 35,000 tons of crude oil to the Esso refinery in Kalundborg which was resold in the form of refined products to the BP and OK-Denmark oil companies. A BP spokesman told BERLINGSKE TIDENDE that the price of the products corresponded to a crude oil price of \$31 a barrel plus refinement, the same as the official North Sea price. At the same time we were told that the price was higher than would have been charged for the same products on the spot market but that the purchase should be regarded as a kind of invitation concerning closer cooperation with the state company on future deliveries. The first shipment is part of the oil the state has an option to buy under the concession agreement with A. P. Moller from last year. In addition to this, it is intended that the production tax of 8.5 percent will be delivered to the DONG subsidiary, Dofas, in the form of oil. The oil was refined at the Esso refinery because neither BP nor OK-Denmark has a refinery in Denmark. [By Peter Kjelstrup] [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 6 Apr 82 Sec III p 1] 6578

ENERGY RESEARCH FUNDS REQUEST--Energy Minister Poul Nielson is now asking the Finance Committee for 100 million kroner for expanding Danish energy research and development. The money is to be used this year and the two following years. In 1982 alone close to 42 million kroner will be used. The state subsidies are part of the government's employment plan for 1982-83. Over the 3-year period 17 million will go to expand the wind energy program, 10 million will go into coal research and 9 million will be spent to develop heat pumps. Poul Nielson stressed that Danish firms are actively involved in carrying out the various projects. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 6 Apr 82 p 7] 6578

CSO: 3106/101

BONN NUCLEAR POLICY TO MEET WITH OPPOSITION AT SPD CONGRESS

Hamburg DER SPIEGEL in German 22 Mar 82 p 14

[Text] At the SPD party congress in Munich there will be aggressive voting concerning the energy-political course of the Social Democrats: A carefully polished compromise by the proposal committee already failed when the party executive committee met on Monday last week.

The draft for a proposal, worked out essentially by Hans-Jochen Vogel, provides for a 2-year preliminary construction halt for new nuclear reactors because of the unresolved waste disposal situation. But neither Hesse Minister-President Holger Boerner nor opposition leader Klaus Matthiesen from Schleswig-Holstein were prepared to accept this provision.

Boerner's argument: In that case he could no longer approve a permit for the Biblis C nuclear power block. However, the minister-president urged, the FDP is pressing for rapid licensing. The proposal committee's decision left him only the choice of licensing Biblis C no later than a day before the party congress or of offering the Wiesbaden liberal a reason to leave the coalition. Boerner recalled that it was in order to support the Federal Government that he had assumed this burden in 1979, after the project of reprocessing plant at Gorleben had failed. "I will not permit myself to become the party's scapegoat," the minister-president angrily said.

Just a 2-year moratorium is a farce, Matthiesen, on the other hand, said in his criticism; there should be a ban on construction until 1990--if an "option" to get away from nuclear energy is seriously wanted.

Based on past experience, Matthiesen has a low opinion of the committee's proposal: "It isn't good to continue with formula compromises, which allow the government the opportunity to use them as support for any policy they want."

It is not without hope that nuclear opponents in the SPD look forward to the showdown at the congress between the pro-nuclear government line and the anti-nuclear course of Schleswig-Holstein. Their calculation: The delegates, frustrated by being forced to support Helmut Schmidt's armaments policy, would gladly seize the opportunity to put a damper on the chancellor's energy policy.

WIND ENERGY ASSOCIATION TO START ENERGY MILL CONSTRUCTION

Helsingin HUUVUDESTADSBLADET in Swedish 19 Mar 82 p 20

[Article by Tora Mattheisen: "Electric Power Derived From Wind on Simsalu"]

[Text] Sibbo--On Simsalu in the Sibbo archipelago the winds blow just as strongly as in the windiest places of the entire country! This was the result of calculations undertaken by the Wind Power Association over the period of 1 year.

The association will now erect a 12-kilowatt experimental turbine with five wings 45 meters above the sea. It is expected that more than 20,000 kWh will be generated during the period September-May. The energy will be used to heat boat builder Eugen Lindstrom's boatyard.

The Wind Power Association was founded about 1 year ago, and the experimental activity was begun at about the same time, says chairman Gustav Tallqvist. The wind measurements were thus begun on Simsalu in the spring of 1981. A mast fitted with two anemometers was erected on boatbuilder Eugen Lindstrom's property, and he has since made over 300 observations of the wind's speed and direction. This took place in synchronization with corresponding observations at official meteorological stations all over the world.

Meteorologists Claes Bistrom and Bengt Tannelin, together with engineer Jan Frojdan, analyzed all the data and stated that the results are favorable. The annual average wind on Simsalu at 25 meters' altitude above sea is 4 meters/second and at 45 meters' altitude above sea it is 6.6 meters/second. At Helsingfors there is an annual average wind of 6 meters/second at 10 meters' altitude. Wind conditions here are among the best in the entire country, Gustav Tallqvist stresses.

Annual average winds of the same magnitude at 10 meter's altitude have been measured only in places such as Uto, Ulkokalla and Valsorarna. The bottom line, therefore, is that Simsalu has the same wind conditions at 45 meters' altitude as at 10 meters' altitude in those places of the country where the winds blow most strongly.

How Can the Wind Be Utilized?

The Wind Power Association has bought a 36-meter used power transmission pole from Imatran Voima. It will be erected on a rock on Simsalu at 10 meters above

sea. The axle of the planned turbine is thus 45 meters above sea. The wind energy increases the more it blows, Gustav Tallqvist explains. This is why it is worthwhile to look for the best possible wind and to go as high up as possible. At Simasalo the wind at 45 meters' altitude contains 2,700 kWh per square meter over 1 year. Tallqvist concludes that there is thus lots of energy in the wind. The problem is only how best to harness the energy.

Wind Mill

With a wind mill it is possible to transform wind energy into electric power, transport the power to the desired place and use it for heating, for example, Gustav Tallqvist further explains. The Wind Power Association is therefore constructing an experimental turbine in order to teach itself and other home builders. Just how much energy can be collected with that installation remains to be seen. But the association expects 20,000 kWh between September and May.

The Ministry of Trade and Industry has approved a 40,000-mark grant for the project. However, this sum covers only part of the material costs. Most of the work will be done by local volunteers, as before. But the association is hoping for a subsidy to make up a budget deficit of 50,000 marks primarily for the purchase of wind measurement instruments. We have sent in applications both right and left, Gustav Tallqvist says, but so far we have not gotten any money.

Banknotes Flying in the Air

The government agencies in Finland have been very restrained in studying wind power, Gustav Tallqvist states. There are banknotes flying in the air, but no one has investigated how to catch the banknotes. Wind power will certainly not replace electric power, he continues. That is also not the objective. But there are other possibilities. For us the heating purpose is perhaps most important.

In Denmark, the promised land of wind power, a large number of studies have been made. It has been established that wind power is a profitable investment from a private economic point of view. We are also used to always regarding the archipelago as a neglected area, Gustav Tallqvist says. When it comes to wind power, it is precisely the opposite. The archipelago has a trump card, for this is where the wind is best.

The work of the wind power association has been successful up to now and no major setbacks have occurred. One is now excitedly awaiting the future. Bengt Tamme-llin was able to provide an encouraging piece of information on Thursday: There need be no fear of the apparatus icing over at 45 meters' altitude. Icing is no concern at all below 100 meters, he says.

115.7

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BRIEFS

NESTE LOWERS GAS PRICE--Neste's price for gas will decrease in accordance with the recent price reductions in liquid fuels. The reductions will go into effect next Monday and they will fluctuate from 30 pennies to 2.87 markkas depending on the size of the container. The Commerce and Industry Administration confirmed the new prices on gas containers Tuesday. A 2-kilo liquid gas bottle will be reduced 30 pennies and its new price will be 7.69 markkas. A 3-kilo bottle will decrease in price by 45 pennies and the price will be 10.81 markkas. A 5-kilo bottle will be reduced by 76 pennies and the new price will be 17.21 markkas. The new price of the 11-kilo bottle, which is the most popular, will be 34.40 markkas, a reduction of 1.66 markkas. The price of the 19-kilo bottle will be reduced 2.87 markkas and the new price will be 57.53 markkas. Freight costs may be added to the new prices, which will fluctuate in accordance with transport distances. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 31 Mar 82 p 31] 10576

IMPORTATION OF NATURAL GAS FROM USSR, ALGERIA STUDIED

Athens I KATHIMERINI in Greek 27 Mar 82 p 7

[Excerpt] Within the framework of its energy policy, the government is studying the possibility of the future use on a large scale of imported natural gas from the USSR or Algeria, as well as gas to be produced from domestic lignites by way of the exploitation of indigenous deposits--chiefly of small lignite mines and lignites which have a low calorific power. According to the calculations and data which Minister of Industry and Energy An. Peponis noted yesterday, it is believed that the use of city gas in our country would be very advantageous not only in the sector of home economics but also in industry and other sectors.

To this end, the subject is being studied intensively and in depth by the Ministry of Industry and Energy as well as by the DEI [Public Power Corporation], the DEP [Public Petroleum Corporation], the State Refinery, and other agencies. Already specific data are being collected in connection with the manner of procurement and transport of this gas, as well as about the creation of the suitable infrastructure--the expansion of the small network of the DEFA [Athens Public Gas Corporation] and the creation of other networks, and so forth. It is pointed out that our country is the only one in Europe where there is no significant gas-distribution infrastructure--aside from the rudimentary one the DEFA has now.

In connection with this subject, it was stated by the minister of industry that:

- Negotiations with the USSR have begun and are going to continue on concluding a long-range agreement for supplying gas from Siberia through the pipeline which will connect also with the countries of West Europe, or else a pipeline by way of Bulgaria. These negotiations are being conducted by a group of experts headed by the managing director of the State Refineries, Papavranousis, who will be departing for Moscow at the beginning of April.
- At the same time, the procurement of gas from Algeria via Italy is being studied as well.
- The exploitation of domestic lignites or of peat for the generation of gas is being studied through the utilization of the small lignite mines and those having lignite with a low calorific content.

To this end, the financing of relevant research programs by the European Community was proposed at the meeting of the EEC council of energy ministers, while at the same time the actuating of programs which will be drawn up on the basis of our domestic possibilities is also being examined.

In connection with this subject, a broad conference will be held next week which will have as participants representatives of the National Energy Council, the Ministry of Industry, the DEI, the DEP, the IGME [Institute for Geological and Mineral Research], and so forth.

12114

CSO: 4621/271

PRICE OF PETROLEUM PRODUCTS COMPARED WITH OTHER COUNTRIES

Athens TO VIMA in Greek 27 Mar 82 p 2

[Text] Yesterday, Minister of Industry A. Peponis stated to journalists that as far as prices for petroleum products are concerned, Greece is not the most expensive country despite the impression given by certain newspaper articles.

On the contrary, he said, we are the cheapest country in Europe with respect to diesel fuel, while in two countries "super" gasoline costs more than in Greece, and in four countries regular gasoline costs more.

Peponis gave publicity to a table showing prices for petroleum products in the countries of Europe, from which it is evident that:

- The price for diesel fuel is 19.70 drachmas per liter in Greece, compared to 31.80 drachmas in France, 21.20 in Italy, 28.70 in the Netherlands, 25.70 in Belgium, 38.10 in Austria, 40.30 in Switzerland, 23.70 in Sweden, 28.70 in Denmark, 25.60 in Norway, and 39.30 drachmas in Great Britain.

- As for "super" gasoline, Greece is cheaper (at 43.80 drachmas per liter) than Norway (45 drachmas) and Italy (46.20 drachmas), while the cheapest country is Belgium, with 32.60 drachmas per liter.

- In terms of regular gasoline Greece is cheaper (39.70 drachmas per liter) than France (41.20 drachmas), Italy (44.60 drachmas), Denmark (43.10 drachmas), and Norway (44.20 drachmas), while the cheapest country is Belgium, with 31.50 drachmas per liter.

Moreover, Peponis pointed out that in Greece the tax on gasoline is very low compared to other European countries. This difference is clear in a comparison between Greece and Italy. Specifically, in Italy "super" gasoline costs 19.30 drachmas per liter without taxes, and 46.20 drachmas with taxes, whereas in Greece the corresponding prices are 28.60 and 43.80 drachmas per liter.

The country's energy problem as it is taking shape in light of the trends which exist in the EEC area will be examined at a broad conference which will be held next week at the Ministry of Industry offices.

HUNGARIANS COMMISSIONED FOR GEOTHERMAL DRILLINGS

Athens I KATHIMERINI in Greek 27 Mar 82 p 7

[Text] The Hungarian firm of NIKEX has been commissioned by the DEI [Public Power Corporation] to develop two geothermal drillings on Nisyros, where--according to the relevant explorations which have been made--the existence has been confirmed of a notable geothermal bed suited to be utilized for the generation of electricity or for other applications.

At the offices of the DEI, the relevant agreement was signed yesterday by the governor of the Public Power Corporation, D. Papamandelos, and a representative of the Hungarian firm, with the deputy governor, T. Amalou, and the directors of the DEI also present.

The total sum involved in the agreement comes to \$3.348 million, of which \$510,000 will be paid in drachmas and \$500,000 represent a value which will be met by way of Greek agricultural products which are to be delivered to Hungary.

Part of the cost for the geothermal drillings on Nisyros will be financed by the EEC. These drillings follow upon the successful outcome of related drillings which were made on the island of Milos and which revealed a significant geothermal bed whose exploitation is already being studied.

Efforts to utilize new and renewable forms of energy, including among others geothermal energy as well as wind and solar genenergy, will find a suitable field of applications in insular Greece--where the generation of electricity is done entirely from oil at present--and for this reason the DEI is planning to rapidly expand its activities in the sector of alternative forms of energy.

12114

CSO: 4621/271

WITH 'WORLD'S MOST EXPENSIVE OIL' NORWAY FACES UNCERTAINTY

Stockholm DAGENS NYHETER in Swedish 2 Apr 82 p 26

[Article by Bjorn Lindahl: "Dark Future for Norwegian Oil Industry"]

[Text] Oslo, Thursday--Norway is pumping the world's most expensive oil from the North Sea. Up to now few have taken seriously the issue of whether oil production could become really unprofitable. But in prognoses to be submitted in May it is not just illusions based on an oil price of 60 dollars per barrel in 1985 that collapse. Norway now expects that in 4 years oil revenue will be just half of what it was in 1981.

Last year the Norwegian state took in 27 billion crowns in taxes and surcharges from the North Sea. This is expected to drop to 13 billion in 1985, according to figures to be presented in the revised national budget.

It is the lower oil prices which are the main reason for the pessimistic figures, but it will be a while before the Norwegians will feel this, since taxes lag more than 6 months behind.

Budget Cuts

"If nothing else happens the 1982 budget will not be significantly affected. It is still too early to say how large the cuts will need to be in the future, but it will have to be done in almost all areas. Most important now is to get the growth of the mainland economy going again," says Finance Minister Rolf Presthus to DAGENS NYHETER.

He points out that even if there is a drop in oil revenue, this will not have the same effect as a corresponding loss in the mainland economy, but will first and foremost affect transactions with other nations.

"We are prepared to borrow our way through a temporary drop in oil prices. But the government's freedom of action will of course be curtailed, and it will take longer than 4 years to implement our 7-billion-krona tax cuts."

The Norwegian Department of Finance obviously has little faith that OPEC will succeed in defending its basic price of 34 dollars per barrel. Instead, it is expected that North Sea oil, which is usually more expensive, will remain at

31 dollars throughout 1983, in order later to rise concurrently with the general price increase. Many economists believe that even this is an optimistic evaluation.

Five Dollars/Barrel

The cost of producing oil varies greatly in the North Sea. The oldest field, Ekofisk, would be able to meet its capital and operating expenses with an oil price as low as 5 dollars.

"For Statfjord B, which will soon begin production, the corresponding figure is 11 dollars. For the gold block, which is to be fully developed in 1987, the figure is 20 dollars. All based on this year's prices," says Egil Helle, who is head of the information section at the Department of Oil and Energy.

Mobil's managing director in Norway, Harold Iman, rejects the notion that a situation will ever occur in which the oil fields are closed due to the price of oil. Mobil is the operator of the Statfjord field.

"The investments have already been made and the daily costs are infinitesimal compared to the value of what we are pumping," he says.

On the other hand, new investments, primarily in northern Norway, where transportation costs become more expensive and the depth of the sea is so great that it is at the limit of today's technology, may have to be considered a great deal more carefully.

No Drilling at all

"If an economic viewpoint were to be applied to oil production, there would be no drilling at all off northern Norway, but the funds would be concentrated on finding more oil in the southern parts of the North Sea," one of the men closest to the finance minister says.

This will scarcely have any effect on the activity in the North Sea over the next 5-year period. It more or less moves along by its own momentum. Last week, Statoil awarded the last contracts for Statfjord C, which will begin to produce in 1986 and will cost 13 billion crowns.

"But the price of oil could be of significance for marginal fields, one of which is already in doubt today. At Ekofisk there is now an attempt to increase production efficiency by injecting water and in this manner maintain pressure in the reservoirs. This requires a new platform which costs 5-6 billion kroner, and that makes it a relatively simple calculation if one expects to extract so much more extra oil," Egil Helle says.

Billions Vanish

No branch of industry has had so much impact in such a short time on the Norwegian national economy as the oil. The pace has been breathtaking since the first hole was drilled in 1966. In 1969 the first commercial find was made.

In 1975 Norway became a net exporter of oil and gas, and in 1977 production was five times that of the country's own needs.

After 10 years of efficient production, this branch of industry has reached 15 percent of the GNP, one-third of the export and one-fifth of the national revenue.

Warning voices were constantly raised against becoming too dependent on the oil. Prof Victor Norma of Bergen University has proposed that Norway should sell all of its oil concessions "as is," deposit the money in foreign banks and live on the interest. That would be safer than being dependent on the price of oil, in his opinion.

The managing director of the national oil company Statoil, Arve Johnsen, a year ago said that there was only one direction that the price of oil could go, and that was up. Now he and many others have seen that it can go the other direction as well--rapidly. The billions have vanished with breakneck speed from the Norwegian long-range prognoses. Then months ago it was calculated that Norway would earn 170 billion kroner in oil revenue from 1982 to 1985. In the latest prognosis only a little more than one-third, 61 billion kroner, is left.

11949

CSO: 3109/134

ENERGY RESEARCH BOARD: PEAT CAN REPLACE TEN PERCENT OF OIL

Stockholm DAGENS NYHETER in Swedish 31 Mar 82 p 6

[Article by Mert Kubu: "Energy Production Research Board: 'Peat Can Replace Ten Percent of Oil'"]

[Text] There is an excellent supply of energy peat in Sweden--which could replace more than ten percent of the country's need for oil for at least 50 years. This is what the Energy Production Research Board (NE) maintains, on behalf of which the Swedish Geological Survey has made an inventory of the nation's peat reserves.

Information has circulated in the mass media that the peat would last only 5 years. This is completely wrong, the NE's Curt Heden explained at a press conference in Stockholm on Tuesday.

The study undertaken by the SGU [Swedish Geological Survey] shows that there is at least about 350,000 hectares of productive peat soil. Included in that amount are only units larger than 50 hectares, which are not nature reserves, have a good surface of fuel peat and are favorably located for transportation.

"I can easily undertake to find just as much more good peat soil, if we include areas smaller than 50 hectares as well," promised Lars-Erik Larsson of the SGU.

'Oil Fields'

According to the parliamentary decision, the objective is for peat to provide energy equivalent to 6-11 TWh (terawatt hours) in 1990. This can easily be accomplished with the existing reserves, the NE believes and calculates that by burning peat we could save 3 to 5 billion kronor annually in foreign exchange on the oil we will not have to buy.

There are high hopes for the Swedish peat bogs. Industry Minister Nils G. Aspling (Center Party) has said:

"The Swedish peat reserves are so important that there is reason to compare them to large oil fields

At Tuesday's press conference it was claimed that peat-burning is clearly profitable in comparison with oil-burning or coal-burning.

The truth is, however, that one does not know very much about it--as yet. The figures are disputed. Few peat-fueled installations are in operation in Sweden. Assi in Lovholmen has used peat--which was transported from Finland--as fuel. This winter Skelleftea Power Plant has test-operated a 7 MW (megawatt) peat-fueled furnace. Other than that, major plants are at the planning stage. Two large projects are planned in Umea and Ostersund, among other places.

On the other hand, in Finland there is more than 10 years of experience in burning peat. There, several large cities are heated by peat--Tampere, among others. The thermal power plant in Tampere has a capacity of 120 MW district heat and 60 MW electricity. One can manage heating with peat down to 6 degrees [C] external temperature. After that, oil is used to supplement.

The district heating and power plants use so-called milled peat. This is dried powdered peat, which is blown into large burners and burns approximately like pulverized coal or oil.

One of the reasons why it is so difficult to make reliable profitability calculations is that the energy content of peat varies between different peat cuttings. Another difficulty is that peat contains about 90 percent water, which must be evaporated. Traditionally, this takes place during the brief summer months in sun and wind. If there is no wind and it is hot, there is risk for explosions in the peat fields. Consequently, large inventories are necessary.

Advanced research is underway, however, on a number of wet methods and systems for digging peat all year round. Production will then become considerably cheaper. An interesting method is to produce methane gas from peat right out in the peat bog--and to distribute the gas in pipelines to nearby communities.

In Sweden there are large peat reserves in the south and in the north. There are many excellent peat fields in Smaland. The sorely tried Vaxjo Energy Plant, known for its less than brilliant oil deals, is to begin burning peat as well in a newly built furnace for burning wood chips. Most thermal power plants are holding off, however--both with peat, chips and coal, the District Heating Organization says.

First Dispute About Peat

The first dispute about a peat project is already going on. It involves the so-called Norrheden project on the border between the Storuman and Vilhelmina municipalities. The government has granted an intermunicipal company the concession to dig peat in a gigantic area of about 1,000 hectares. This is the largest project so far.

But one also needs a drainage permit, that is to say a permit to begin ditching and draining. It is the provincial government which issues those. Opposed to the project are the Lapps, who have the right to make use of the land and who pass through with their reindeer. The fishing and hunting interests also collide with the peat digging.

"I hope we can negotiate a solution," the managing director of the peat company, Rickard Larsson says in Vilhelmina.

That will not be an easy task, however. Several groups of people interested in nature and fishing are threatening to appeal. The company is owned by the Storuman and Vilhelmina municipalities and Umea Power Plant.

The largest customer is expected to be the power plant in Umea. But the transportation distance is long, about 250 kilometers. However, according to the calculations it should be profitable, one believes, and comparisons have been made with the cost of burning oil. The lump peat method will probably be used.

11949

OSO: 3109/134

COAL PRODUCTION INVESTMENTS IN 1982 TO REACH 50 MILLION LIRA

Istanbul MILLIYET in Turkish 19 Jan 82 p 3

[Article by Elvan Feyzioğlu]

[Text] We have by now reached the latter part of January and are pleased to note that this year, in comparison to previous years we have not suffered from a shortage of coal. Officials attribute this to good weather, orderly distribution and to some extent to an increase in production. Although there is indeed an increase in production, the gap between production and demand is growing with each passing day.

Coal is one of our most important energy resources. Even though coal is also one of the most important prerequisites for industry, we are unable to adequately benefit from this resource. Geologic data indicate the existence of new sources that represent seven or eight times our known reserves of lignite.

Given the fact that our coal resources are at a level that could meet all of the needs of Turkey, the widening gap (between production and demand) can be attributed to our energy policy which has been petroleum based for many years. The emphasis on coal came only in the aftermath of the petroleum crisis which began following the year 1973. Consequently, investments as well as production increases were significantly delayed. Officials indicate that the emphasis to be placed on coal has never been realistically determined.

A myriad of problems appeared in the transition period between the recognition of coal's significance in our energy policy and the production stage. The debate on whether the private sector or the public sector should undertake the exploitation of our subterranean resources began following 1978. In 1978, 640 coal mines were brought within the scope of the nationalization process. Finally, on 18 November 1979, 78 of the existing 238 lignite and asphaltite fields were transferred to the Turkish Coal Administration. Until 1979, the public sector controlled 800,000 tons while the private sector controlled 1,950,000 tons of total lignite reserves amounting to 5.9 million tons. Following the transfer, the reserves controlled by the public sector increased 2,450,000 tons.

Two years after nationalization, private sector representatives, public officials and mine workers have differing views concerning the advantages and the drawbacks brought by the new system. The private sector's sole contention is that coal production has dropped. Public officials however state that production has not dropped and that it has even increased by a small amount. Public officials also claimed that the private sector has significantly "caused destruction" within the mines. The workers for their part refrained from expressing many opinions concerning production and restricted themselves to saying that their security remained greater within the public sector.

In an "economic report" prepared by the Union of Turkish Chambers of Commerce, Industry and Commercial Exchanges; views concerning the nationalization of the mines are being expressed as follows:

"According to data provided by the State Planning Organization, total production in the mining sector was limited to a 1.2 percent increase in 1979 following a 3.1 percent increase in 1978. However, according to more recent data provided by the State Planning Organization, total production in the mining sector has declined by 8 percent in 1979."

The following is a summary of opinions expressed by public officials concerning this matter:

"Because last year was a transition period, certain shortcomings may indeed be present. During this period, the state has made certain preparations for purposes of investment. These preparations show up as production losses. In addition, there are production increases across Turkey in fields other than Soma. There has been a 30 percent increase in lignite production following the nationalization of the mines. While the private sector may appear as achieving greater production in certain regions, it was at the same time destroying the mines."

Public officials described as follows the damage suffered by the mines:

"There are losses of 75 to 80 percent in the mines (particularly coal) that we have taken over from the private sector. Losses at this moment stand at 25 to 30 percent. The extraction of the totality of subterranean reserves is not feasible. However, the private sector was extracting 25 percent of the reserves and leaving the rest. It was selecting the easiest and crudest of systems. Also, the private sector does not have a washing facility at any location. For this reason, rocks were being mixed with coal. The private sector did not have the necessary equipment. As an example we can cite the 2.5 billion lira cost of a coal extraction machine that we recently purchased for Yatagan. The private sector does not have the strength to purchase these things."

"Distribution" carries great importance in the context of coal consumption. Public officials say that orderly distribution is the most important reason for the absence of a coal shortage during this year. The officials say:

"Until now, only the powerful could get coal. This year however distribution was conducted on the basis of actual need and as a result there was no shortage."

The officials have also said that new undertakings in coal production will be initiated during 1982 and that the Turkish Coal Works Directorate General is to invest 50 billion liras for this purpose.

While providing information concerning this matter, Orhan Ozkocak who is the Assistant General Director of the Mining Research Institute said that there are 103,000 square kilometers of land in Turkey that is suitable for coal (extraction). Ozkocak said that until now 20,000 square kilometers of this land has been examined through the use of prospecting techniques.

9491

CSO: 4654/157

SWEDEN'S SAAB FIRM WANTS JOINT NORDIC PLASTIC-PLANE PROJECT

Helsinki HELSINGIN SANOMAT in Finnish 3 Apr 82 p 32

[Article by Jyri Raivio: "Saab Planning Nordic Aircraft Cooperation"]

[Text] Sweden's aircraft industry, which is riding a wave of international cooperation and a steady demand for military aircraft, is ready to cooperate with Finland in its small aircraft industry.

General Manager Tore Gullstrand of Saab-Scania's Aviation Industry Group stated on Thursday in Linköping that Saab would like to see Scandinavian cooperation in the construction of the new Saab 114 training aircraft. The plans are to make the 114 a basic training aircraft for the air force. This aircraft will have a turboprop engine and unlike all of Saab's previous aircraft it will be made of reinforced plastic.

Gullstrand's generous offer is, however, still far from being made concrete. It could be of real benefit to Finland's aircraft industry or to Valmet's Kuorevesi Plant.

Gullstrand admits the difficulties himself: Finland's air force is just now receiving the new Vinka basic training aircraft and certainly will not need new training aircraft for a long time. And Sweden's air force has not yet definitely announced that it needs an aircraft of the 114 type so that this plastic plane is for the time being more of a paper exercise for Saab than a concrete development undertaking.

As far as Valmet is concerned Gullstrand's plans also run counter to the fact that the Kuorevesi Plant, at least for the time being, does not intend to become involved in fibre-glass work.

JAS Key Question

The Saab 114 is only a rather small side line for Sweden's aircraft industry. The real question is the new JAS fighter aircraft, on which a decision is expected late spring.

Gullstrand is strongly of the opinion that Sweden's aircraft industry will have difficulties with respect to future participation in large civilian projects also unless the JAS project is accomplished. Primarily as a result

of the state-of-the-art Viggen-destroyer aircraft Saab is currently also heavily involved in the civilian aircraft industry. At the plant in Linkoping parts are being manufactured for the American Douglas DC-9-80 and the English British Aerospace 146-commercial aircraft.

Saab's largest civilian aircraft program is, however, the small 34-passenger 340 aircraft being manufactured together with the American Fairchild Corporation. The development of this aircraft costs approximately 1 billion dollars or 4.6 billion markkas, of which Saab will pay the major portion.

The new 340 aircraft plant, in which Saab has invested 200 million kronor or approximately 156 million markkas, is presently being put into operation in Linkoping. The plant's achievements include surface treatment equipment delivered by Finland's Galvatek.

The first flight of the 340 is being scheduled for the beginning of next year and the first aircraft will be delivered to clients a year later. So far 105 aircraft have been sold at a price of 4.75 million dollars or approximately 22 million markkas each.

The goal is to sell 200 aircraft to cover the cost of development before the first 340 is put into service on a regular route. It is estimated that over a period of 10 years approximately 2,000 aircraft of this class will be manufactured in Linkoping for the total market, of which Saab-Fairchild's dealers hope to obtain approximately a 20--40 percent share.

Last year the sales of the Saab-Scania Aviation Group amounted to nearly 1.4 billion kronor or approximately 1.1 billion markkas. The planning and manufacture of aircraft employed approximately 6,000 people at Saab.

10576

CSO: 3107/101

CONTINUED SPECULATION IN FRANC AFTER DEVALUATION

Brussels LE SOIR in French 15 Mar 82 p 6

[Article by Pierre Effinier: "The Social Situation in Wallonia Rekindles Speculation Against the Franc"]

[Text] The Belgian franc was devalued on the weekend of 20 February, three weeks ago.

Hence, as of that date, its exchange rate with regard to the mark and the other currencies of the European Monetary System [EMS] can drop 8.5 percent lower than before.

This drop started on the day after the devaluation and has become more pronounced this week. Where exactly is our currency?

It is certain that the social situation in Wallonia weighs on the exchange rate of the franc.

That is in any case the opinion of the foreign exchange brokers of the Place de Bruxelles.

It was clearly noted that about a week ago, the National Bank wanted to give light support to its currency. More than 1 billion francs in foreign currency were placed on the market by the Institute of Issue, which withdrew its exchange value in Belgian francs from the banking circuit. Exactly as before the devaluation!...

And neither the DM nor the French franc had reached "the ceiling." Consequently, according to the rules of the European Monetary System, the National Bank was not at all obligated to support its currency.

We have witnessed such interventions (thus without formal obligation) in the past, but at those times the exchange rates of the foreign currencies were dangerously close to their acceptable maximum. It was said that the National Bank preferred prevention to the cure. But what took place 1 week ago was an extraordinarily quick prevention!

Be that as it may, theoretically the holding of Belgian currency with regard to all the currencies contained in the ecu remained normal this week.

The rate of divergence was approximately 1 percent on Thursday. Theoretically it could go down to 75 percent without any need for worrying. Except when foreign currency sales by the National Bank falsify this indication of divergence. (A little like the temperature of a sick individual being no longer "precise" if he was given a fever reducer.)

Unfortunately, in recent days it has once again been noted that a few relatively modest repurchasing operations of Belgian francs have apparently been carried out by the National Bank!...

Again 11 Percent Premium

Another indicator of the tension which can affect the currency is the higher quotation on the free market as compared with the official market.

As the exchange rates on the free market are not in the least regulated, it is inevitable that during periods of tension on the franc, they will soar with regard to the official rates.

(It is known that the official exchange market is roughly reserved for foreign trade and the free market for private individuals.) Thus, during periods of tension we would do well to calculate the percentage of the increase of foreign currencies on the free market with regard to the official market. This is what is called the "premium."

To get the picture, in periods of heavy speculation on the franc -- such as before the government formation in December -- it was quite common for the premium to go as high as 12 percent approximately. We even experienced peaks of 15 or 16 percent. When all is well with the franc, a premium on the order of 4 percent often prevails.

Following the devaluation, the premium dropped to 6 or 7 percent. On Thursday it had gone back up to 10 percent relative to the DM and to 11 percent relative to the dollar. Speculation is cropping up again... In the next few days it will be necessary to follow the evolution of the foreign currency premium, and that of the divergence indicator. And to note the foreign currency sales made by the National Bank to support its currency. These three types of data allow us to have a precise idea of the trends affecting our currency at this point in time.

What is Divergence Rate?

Perhaps we might briefly recall what the rate of divergence is.

To measure the strength of the Belgian franc, we have to choose an element of comparison. For example, the exchange rate of a foreign currency such as the DM. But, under those conditions, we do not take into account the relation of the Belgian franc to the other currencies. Hence, at the time of the creation of the EMS, it was decided to choose as "element of comparison" the addition of all the currencies within the EMS. An addition which would be weighted according to the importance of the currencies in question. This addition is the ecu. Under those circumstances, any increase of the ecu would imply a weakness of the Belgian franc, and the reverse is also true.

As the currencies cannot (in accordance with the EMS regulations) increase or decrease by more than 2.25 percent in relation to their parity, the ecu itself cannot go up or down by more than 2.25 percent (of its average exchange rate) in relation to the currency of which one wants to calculate the strength.

Hence, a 2.25 percent increase of the ecu when the Belgian franc has reached its maximum weakness with regard to all the currencies of the EMS, and a 2.25 percent decrease of the ecu when the franc is in its best form on the exchange market with regard to all the other currencies of the EMS. Thus, an overall scale of 4.5 percent. It is this range of variation of the ecu which has been conventionally divided into 200 divisions. A thermometer consisting of 100 positive divisions and 100 negative ones.

6463

CSO: 3100/463

FINANCE MINISTER RULES OUT SECOND DEVALUATION

Brussels LE SOIR in French 20/21 Mar 82 p 1

[Article by G.D.: "The Belgian Franc Is Weak, but De Clercq Announces: Another Devaluation Out of the Question"]

[Text] The temperature of the Belgian franc went up at such a rate on the exchange market Thursday, that Willy De Clercq felt the need to intervene to break the thermometer: "I confirm," stated the minister of finance, "that it is absolutely out of the question -- that the government would consider, and even more so proceed with, a new devaluation. I want to reaffirm, without any ambiguity, its desire to bring the program of economic recovery to a successful conclusion, and this without hesitation and with an absolute refusal to go backward."

These denials are echoed by the French minister of finance who also climbed the barricades several times over the last 48 hours to state that, in spite of the flare-up of speculation against the French franc, it will maintain its current parity. All the more so as the pressure to devalue is due to psychological and political factors while all the indicators -- unemployment, inflation, trade deficit -- show a tendency to improve.

That is not the case in our country, where the franc once again started coughing dangerously in recent days. If the National Bank has not yet decided that it was an opportune moment to really go on the offensive -- and specifically to raise the interest rate in order to inhibit the capital flight --, it did have to dig deeply into its foreign currency reserves: 10.5 billion francs were spent over a period of 2 weeks, to support the currency. Even yesterday, large amounts of foreign currencies were used to counter speculation.

Is Belgium in the process of losing the benefits of the devaluation to keep only its inconveniences? The question is worth asking.

In principle, the government's economic and financial policy should provide an airtight cover for the franc; the guarantee, in any case, of a gradual reduction in time of the large public finance and balance of payments deficit, specifically through a recovery of the competitiveness of enterprises, both abroad and domestically...

In principle? The depth and the brutality of the social reactions it provokes worries the capital markets, which wonder, on the one hand, about the potential for resistance of the Martens-Gol team and, on the other hand, about the importance of the damage inflicted on the economy by the series of strikes. The disruptions noted in industrial production have provoked cancellations of orders just about everywhere. Markets are on the verge of getting away from us... These are objective factors to which the psychology of the market is not insensitive...

Finally, as the French franc is also experiencing increasingly harsh attacks from speculation, a new spell of readjustment of the monetary parities is hanging over the exchange markets. And speculators are prompt to consider that Belgium could take advantage of it to scrape off the franc those few percentage points which its partners in the EEC rejected on 21 February...

Imprudently? That is in any case what the minister of finance has just reaffirmed. Indeed, not without logic, because one could easily imagine that an additional erosion of the currency would lead to a tightening of the economic and financial austerity, and that it would result in a social overflowing which would be increasingly difficult to contain.

463

CJO: 3100/471

WATHELET ON REGIONALIZATION OF STEEL, OTHER SECTORS

Brussels LA LIBRE BELGIQUE in French 13/14 Mar 82 p 3

[Interview with Minister of New Technologies and of the Small and Medium Size Enterprises for the Walloon Region Melchior Wathelet, by P. Lo.: "Yes to the Principle of Regionalization of the National Sectors"; date and place not specified]

[Text] On the eve of the CVP [Social Christian Party (Flemish)] congress, which will be called upon to give an opinion on the regionalization of the national sectors, we asked PSC [Social Christian Party (Walloon)] Minister Melchior Wathelet, minister of new technologies and of the PME [Small and Medium Size Enterprises] for the Walloon region, to define his position. Our interlocutor declared himself in favor of the principle, but set a certain number of conditions.

[Answer] I am not opposed to the principle of regionalizing the national sectors, and I am waiting for the national government to make its invitation concrete but especially for it in the meantime to continue to make the necessary decisions, and particularly in terms of the steel industry.

Contrary to some alarmist statements, the regionalization of the five national sectors could very well consolidate Belgium rather than destroy it. By giving each region the right to make its own decisions regarding enterprises in these sectors, the state could reestablish the conditions for a better dialogue within the national government which must concentrate on the overall revival of the economy.

This works well in the other sectors, whether they are in trouble or not. Perhaps it is easier to develop a consensus at the regional level on the industrial redeployment policy which must be conducted. The decisions made by the Walloon regional executive body in matters of enterprises in trouble (sometimes difficult decisions with heavy sacrifices, including social ones) are an indication of this.

On the other hand, it would be wrong to think that the fact of having maintained five national sectors has consolidated the national state. This would seem obvious when one has lived through a Martens IV administration and an

Eyskens I administration which spent whole weeks and whole weekends not reaching an agreement on the steel industry. It would be equally wrong to believe that in terms of the steel industry, the national executive body would be left with no authority: it is enough to consider the special powers decrees to convince oneself of that.

The regionalization of the five sectors is not a legal revolution as it requires only a simple royal decree together with the agreement of the regional executive bodies to make it a reality. Hence, such a decision would not call the structures of the state reform into question again, but would only implement a possibility already included in the law of August 1980.

[Question] You are a regional minister. Don't you think that the impact of the regionalization of the sectors will be rather harmful to Wallonia?

[Answer] On the contrary, I believe that the fact of regionalizing the five sectors could also be a positive operation for Wallonia. Thus, it would certainly be noted that it is not Wallonia which "pumps" all the national credits; as a matter of fact, the opposite is not true either, but even the STANDAARD considers that 66 percent of the national credits go to Flanders; and it is also disturbing after all that the PSC's request to receive all the accounts of all aid to the national sectors, for the past as well as for the present, have never been satisfied.

Add to this that regionalization would definitely cause the Walloons to get rid of the bad impression of handouts. They have the impression that the money given to the steel industry is not theirs, but that of the national sector.

This could perhaps also allow us a healthier management of the cases which concern us. You can't say anything about the steel industry without of necessity being labeled a "good Walloon" or a "good Fleming." There is no place for any other characterization. Once the financial package is at the disposal of the region, it is not written that a certain number of Walloons will decide to use it completely for the traditional sectors. This is, of course, the minister of new technologies speaking.

A short comment addressed to the president of the PVV [Party for Freedom and Democracy (Flemish)] who has stated that the steel industry keeps Flanders from managing the national sectors according to the laws of the marketplace. I would be curious to see what proposals he makes for the management of the coal mines, once that sector has been regionalized.

There has always been something regrettable in the national sectors: before being rational or useful, the decisions and projects must be primarily balanced or compensated. This system necessarily leads to waste.

[Question] Are you willing for all that, to accept the regionalization of the sectors without any protections?

[Answer] No, of course not. I have set down a certain number of conditions. First of all, you should not think that this is some kind of miracle which

could save us the trouble of taking into account the necessary productivity of the enterprises or the requirements of the EEC.

Next, there are financial conditions: it is out of the question for the regions to take charge of the five sectors without a transfer of the financial resources or of the corresponding borrowing capacities. The operation must not be botched and, in any case, cannot be concluded without an acceptable financial arrangement. This is not at all a question of drugstore accounts, but of clarity and balance, which have often been demanded by the FSC.

Previous commitments made by the government would have to be fully respected. There cannot be any question of reviewing the budgets at a time when Wallonia would be the main petitioner while Flanders would have completed the restructuring of most of the sectors it is concerned with or would have received the major part of the aid it is interested in. This is where the idea of national solidarity must be maintained.

This does not at all mean that investments whose uselessness or whose non-profitable character have been demonstrated, would absolutely have to be carried out because they were decided on earlier; but the financial resources which the national government had agreed to produce to finance them should, in any case, be transferred to the region in question in view of its industrial reform and in an immediately usable form.

The regionalization of the five sectors cannot be a pretext to consolidate existing inequalities or to create new ones in other areas of state intervention, to the detriment of Wallonia. Without demanding, for example, the regionalization of the large infrastructures, it is clear, here like anywhere else, that the light must dawn in this area, as it should in that of the national sectors, and that the national management of these matters cannot put up with the blatant imbalances between North and South.

[Question] Do you really believe that once it has been set into motion, it will still be possible to stop the process?

[Answer] That is very clear. Any other expansion of the regional authorities would require a legal change with a two-thirds majority. The regionalization of the sectors would in turn give us broader authorities of the same nature. I would note that there was no public outcry when we regionalized the construction industry or when we did it with the textile industry prior to 1979.

[Question] Would you be willing to assert that by defending such a position, you have no ulterior motives of a political nature?

[Answer] Absolutely. If I were to have one as a regional minister, it would rather consist in leaving the national government to manage for itself so that we would not be bothered. Having said this, if I were to meet Flemings and Walloons who suggest going further, I will know that I have come up against extremists. And there is never any advantage in taking a step toward extremists, because they always move back two steps. I would note in this regard that many people have changed their mind recently...

I am ready to negotiate, being firmly convinced that by doing so I am acting both in the interest of Belgium and in that of Wallonia.

8463

CSO: 3100/460

COMPROMISE REACHED ON MANAGEMENT OF COCKERILL-SAMBRE

Brussels LE SOIR in French 17 Mar 82 p 2

[Article by Guy Dupas: "Cockerill-Sambre: Compromise Among Ministers to Defuse the War of the Walloon Basins"]

[Text] All the administrators of Cockerill-Sambre have been asked to resign. Full powers over the company have been temporarily granted to an inhabitant of Liege, Mr Michel Vandiestrick, general manager of the FN [National Factory]. This new strong man of the Walloon steel industry has been commissioned to reopen negotiations with the European Commission, and the minister of economic affairs has at the same time been authorized to send the European executive body an official notification of the investments he is likely to approve in each of the two industrial basins in the southern part of the country.

Yesterday evening, as a pause in a new day which was extremely agitated and tense for the political personnel, threatened by a "body blow" demonstration by the Walloon metalworkers, which could severely shake up the capital this Tuesday, the government tried to defuse the social bomb ignited by the prospect of the bankruptcy of Cockerill-Sambre, certainly, but even more so by the kind of civil war smouldering between Liege and Charleroi.

As a matter of fact, a kind of compromise was reached between the Liege ministers, authors of an alternative plan for the restructuring of the Sambre-Meuse entity, and their colleagues from Charleroi who are worried about the future of Carlar, the spearhead of the former Triangle. The budgetary appropriation provided in accordance with the decisions of 15 and 29 May 1981 to cover the planned investments (27 billion francs) was confirmed, as well as the one to allow compensation for the operating losses of enterprises (22 billion francs). Furthermore, the people from Liege are being given the assurance that the production quotas reserved for their basin will be used to ensure the productivity of the company's subsidiaries in Liege -- Valfil, Phenix Works, and Chertal -- apparently with priority over Carlar, for which a doubling of capacity is being maintained however. This involves the 800,000 tons which will become available as soon as a condemned plant is closed: the wide sheet line of Ougree.

Finally, the government decided to establish an interministerial working group to study the possibility of regionalizing the five industrial sectors under national authority -- probably on the heels of the congress held last weekend by the CVP [Social Christian Party (Flemish)]. Let us recall that, aside from the steel industry, this involves the sectors of coal mining, textiles, ship-building and glass containers.

Much more a political compromise than decisions with a technical scope, thus economic and social? It is not out of the question that this will be the interpretation given by the steelworkers unions of Liege and Charleroi to the government work.

Even though Commissioner Davignon gives the impression that these decisions will make it easier to resume talks with the EEC on continuous casting at the Seraing steel plant -- which remains to be proven -- it must be recognized that, whatever he may have said speaking personally during the meeting he attended on Monday, he has limited himself to confirming the European position with regard to this plant.

If one were to bet, imprudently one has to admit, on a change of attitude in the continued pressure exercised by the "Gol-Gillon" group, the disappointment could be great in Liege.

On the other hand, it is certain that in order to ensure the productivity of Sarlam, Charleroi will have to turn toward foreign partners. Just as, for its part, the former Cockerill will have no other alternative than to enter into an alliance with the Dutch or the Germans to develop a strategy to which it aspires, it is becoming increasingly evident that the basins -- within the framework of the merger if this is retained or within another legal structure -- will automatically be driven to turn inward. Smoothly or not? This is still the question mark on this Tuesday morning, at the moment when buses carrying demonstrators from the Meuse and the Sambre region are flocking to the capital, accompanied by a large police contingent.

As one might think from the interviews we are publishing below, with two union leaders from Liege and Charleroi -- R. Gillon from the Liege FGTEB [General Federation of Labor of Belgium] and F. Camarata for the CSC [Confederation of Christian Trade Unions] of Charleroi --, and this is virtually a euphemism, there is still an extreme distrust between the Walloon steel subregions.

It is not pointless to come back to the temporary mission entrusted to Mr. Vanlaetrick by the government. The full powers he has been invested with include: the establishment in the shortest possible term of all the elements for the restructuring of the enterprise, but also the development of a management contract implying a social pact or the moderation of production costs, the development of strategic international agreements and the settlement of the problem posed by the marketing of the products.

The latter point assumes the completion -- at least this can be assumed -- of the repurchasing by the state of the capital share (51 percent) of the Frere Hornet's company which is still controlled by Albert Frere, which is the object of violent attacks by Robert Gillon in the above mentioned interview.

New source of friction? It will all depend on the willingness to cooperate of the Charleroi businessman who remains in fact, if not in title, the head of the Sambre basin. And, all the observers agree in their conclusions that, without absolute control over marketing, the new boss of the group would have great difficulty in concluding the international agreements on which rest the restructuring as envisaged today within the framework of the protection of Liege and the development of Charleroi...

Aside from these technical aspects, the government decision also elicits a few political comments.

Without conceding a great deal to either side, the government has finally managed to rebuild an apparent cohesion within itself. It was indeed essential for the government to be able to oppose a united resistance to the violent attack from the street.

But half solutions have never completely settled a dispute. And during the next few weeks or the next few months -- specifically within the framework of the approach of regionalization --, the steel industry will undoubtedly be at the root of tensions among ministers. All the more so as the North-South dispute may well superimpose itself this time on the internal Walloon quarrel.

The courage -- it was needed -- to persuade the board of directors of Cockerill-Sambre to resign was spectacular. But the negotiations to replace the administrators may well prove to be difficult within a complicated economic context for the company and a disrupted social climate. And an enterprise, especially one of the size of Cockerill-Sambre, cannot be without a head for long.

Finally, once again the outcome of the battle lies in the hands of a plenipotentiary arbitrator: the European Commission. One cannot see by what expedient the decisions made by Martens on Monday could possibly bring the Commission to change its position on the heart of the problem, specifically on the continuous casting in the Cockerill steel plant at Seraing. With regard to the European authority, Belgium has not made any progress. At the most, it has contented itself with taking what was offered to it. A 75 percent achievement of its plan? That is not debatable. But as it is precisely the remaining 25 percent which constitute the problem...

In short, an extension piece? What will the silent partners of the Liege and Charleroi ministers, that is to say the local political and union assemblies they have brought together during the last few days, have to say about this? And what especially will the metalworkers feel about it this Tuesday in Brussels?

"It is neither the trade unionists nor the politicians who make the decisions," a labor leader recently told us. "In large movements, it is always the people who have the last word," he said. But don't the people let themselves be carried willingly along by the trends transmitted to them?

2463
JFO: 3100/459

MAYSTADT DEFENDS GOVERNMENT POLICY ON STEEL

Brussels LA LIBRE BELGIQUE in French 11 Mar 82 p 1

Interview with Minister of the Budget and of Science Policy and Planning Philippe Maystadt by P. Lo.: "The Steel Industry Is Not a Political Toy, Mr Philippe Maystadt Says"; date and place not specified]

Text, The position taken by Mr Col, vice prime minister and minister of justice, prompted us to interview his colleague, Minister of the Budget Philippe Maystadt. The latter believes that the steel industry cannot be a political toy and that whoever blocks this issue takes a crushing responsibility upon himself.

Answer| Since its formation, the government has moved forward quickly on the financial problems of the steel industry: capital was increased by 5.2 billion francs and the agreement with the banks was actively negotiated. Meanwhile, the EEC was preparing its much anticipated response to the government plan issued on 15 May 1981. The EEC response is known. It authorizes the immediate implementation of three quarters of the investments provided by the previous government. But, alas, we did not win the case at 100 percent.

Question| It would seem that an additional delay will be inevitable...

Answer| That would be quite regrettable. This issue has dragged on too long already. Do I have to repeat that the steel industry must not be a political toy? It is vital for Wallonia. I say that anyone who blocks this issue -- whether he is from the northern or the southern part of the country -- takes a crushing responsibility upon himself.

Question| There have been references to a plan of 15 October. What is this about?

Answer| At the government level, I am aware only of the decisions made in May 1981. Following the merger between Cockerill and Hainaut-Sambre, these decisions were the subject of debates within the statutory bodies of the enterprise. The latter developed the final industrial outline on 10 October of last year.

Question| By adding at that time a mixed continuous casting in Charleroi?

[Answer] Not at all. That is the mistake which has been made the last few days. Indeed, as of 19 May 1981, the limited general policy administration, which as a matter of fact included a minister from Liege, had approved the text of a letter from Mr Claes to the EEC noting that the continuous casting at Seraing and at Charleroi would be mixed.

[Question] Could one speak of a plot?

[Answer] In any case not on this point. On the other hand, what would be a plot would be to persist in a stand which, regardless of all economic calculations, would needlessly delay investments which, in Liege as well as in Charleroi, have an undisputed productivity. The Walloon steel industry has enough detractors already.

[Question] You mentioned economic calculations. How do you explain the discrepancies between the reports of, on the one hand, Nippon Steel and, on the other hand, McKinsey?

[Answer] They are different analyses. Nippon Steel considered primarily the technical aspects while, if I am well informed, the EEC asked McKinsey to analyze the economic calculations developed by the enterprise.

In this regard, I was struck by the agreement between McKinsey's conclusions and those of the enterprise on the plan as a whole, with the exception of investments provided for Seraing.

[Question] Should this then lead to a reduction of the package provided for investments?

[Answer] Obviously not. As a matter of fact, McKinsey noted a shortage of investments in Liege in terms of the cold-roll steel industry. We also have to worry about that.

[Question] If it is decided to regionalize the national sectors, will Wallonia have the resources to support a case of that scope?

[Answer] That is not impossible, but on the condition that Cockerill-Sambre once again becomes profitable. The regionalization of the sector is not a solution in and of itself.

[Question] Is this, in your opinion, a government matter?

[Answer] Yes, in the sense that the government must concern itself with it without stopping.

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CCO: 3100/46..

ECONOMIST VIEWS CHANCES OF STEEL REGIONALIZATION

Brussels LE PEUPLE in French 13/14 Mar 82 p 2

Report on interview with Henri Miller, economist in charge of the Walloon section of the Planning Office, by Christine Laurent: "The Regionalization of the Steel Industry -- Everything or Nothing!"; date and place not specified]

[Text] After having been considered taboo, the regionalization of the major national sectors has resurfaced miraculously and has become a veritable panacea for the CVP [Social Christian Party (Flemish)]. It is true that the attitude of the latter is somewhat surprising, and in a certain way it has become suspect.

Indeed, what motivation could impel the powerful Flemish Christian party to claim this regionalization in its turn, after having considered it a heresy? And this question leaves a certain number of worries alive. Because even though the PS [Socialist Party (Walloon)] has called, and rightly so, for the regionalization of the national sectors, it is important to realize that it would not accept just any regionalization. It demands a successful operation and not a suicide operation. However, it is to be feared that this is not the way the CVP understands it.

In order better to understand the stakes associated with the proposals of the Martens V administration on this subject, we turned to Henri Miller, an economist in charge of the Walloon section of the Planning Office. He has perfectly mastered all the data on the problem, specifically with regard to the steel industry, as he was an administrator representing the public sector in the Charleroi Triangle from June 1979 until June 1981, and as he is a member of the National Steel Company [SNS] and an expert on Walloon problems, which he has concerned himself with for more than 20 years. It is not a study with definite figures that he gives us here, but rather a precise analysis of important mechanisms directly affected by regionalization, an analysis which allows for a clarification of the problem from a completely different angle.

[Question] Henri Miller, is regionalization a poisoned present?

[Answer] I think that we have to come to an agreement to catch the significance of the proposal to regionalize in terms of the analysis which can be carried out on the issue. Because the elements used in this analysis are not without impact on the final results.

[Question] What period is covered by the analysis of the data?

[Answer] I think that this is a determining factor. It will indeed be necessary to reach an agreement on the length of that period.

What are the figures to be taken into consideration, those which go back to 1945, or 1970, or even 1978, the date of the first negotiations relating to the steel industry? It is indeed the same for the projections for which no precise figures were determined either.

[Question] What do you think about the aid granted to the steel industry?

[Answer] A basic distinction needs to be made between aid granted with no return and aid which necessitates remunerations in terms of financial charges in the development of some regionalization project. Indeed, if you take those financial charges into account the results can be very different. In this perspective, a distinction must be made. It involves the existing difference between credits, or the sums to be reimbursed, grants and subsidies aimed at covering losses and which fall within the normal application of the economic expansion laws, and the given guarantees.

[Question] What are the key elements in the debate?

[Answer] They all are. I could add others, which have already been listed. First of all, there is a whole series of elements which have not been put into figures. I am thinking more specifically of the shipyards, for example, or aid granted to enterprises in certain sectors by means of loans in amounts at preferential rates (whereas, if they had had to borrow on the current capital market, they would have had much larger finance charges).

Secondly, what about the penalties due to the delays in the implementation of the plan? I would recall in this regard that investments have been frozen since 1977. And if investments had been made as provided by the 1978 plan, then the installation of continuous casting would have made possible a savings of 900 to 1500 francs per ton of steel produced, which would have reduced the operating deficit of the steel companies.

Thirdly, what about the penalties to assess for changes in plans? For example, one must distinguish between capital increases achieved through loans which incur high financial charges and payment by the authorities of what had been promised.

Fourthly, and finally, what about the penalties due to the non-realization of certain aspects of the plan? Thus, where is the common pool of mineral purchases at?

[Question] Should, in your opinion, the regionalization of the national sectors be widened to include other sectors?

[Answer] I think that it is vital, if this regionalization is to succeed, not to forget other important activities of the authorities which also have to be regionalized, for example the coke works, public works, the extravagant

expenditures for Zeebrugge, communications, research, public contracts, in particular, the technologies of the future.

[Question] What is the most important problem in making an assessment of the case as a whole?

[Answer] I believe that there are grounds for wondering about the updating rate to be chosen for the calculations. The rate of updating allows one to answer the question of representation, in this whole issue, of all the financial amounts advanced if they were spent today.

4463

DSO: 3100/465

FUNEN FARMERS SUFFER NEW LOSSES IN FOOT-AND-MOUTH DISEASE

Copenhagen BERLINGSKE TIDENDE in Danish 15 Apr 82 p 11

[Article by H. C. Kiilerich]

The decision by the Minister of Agriculture that no cattle may be turned to grass in Funen will have serious consequences for the Funen cattle breeders. It means more work to the individual farmer and will cost a lot of money in fodder. The decision is a direct consequence of yesterday's case of hoof-and-mouth disease in Funen.

The chairman of the Funen cattle breeders' association, Eiler Iversen, tells BERLINGSKE TIDENDE:

"Many cattle breeders will get into difficulties because the young cattle may not be turned to grass. The cattle breeders had planned to stop stall-feeding for now, and many of them do not have enough fodder for the animals. It, therefore, becomes an economic risk which may become the undoing of several farmers."

Eiler Iversen adds that he wonders why cattle which is already at pasture will not have to be taken indoors again. At the same time, he points out that the agricultural associations in Funen are agreed that the entire country will have to help bear the economic losses inflicted on Funen farmers.

The chairman of the Agricultural Associations of Funen, Valdemar Rasmussen, adds:

"We are also agreed that vaccination, so far, is not topical. Nor after the case of hoof-and-mouth disease yesterday at Ferritslev. We still entertain the hope that the disease is abating. Last week, we had seven hotbeds of infection, now we have only two."

While 58 animals were being killed yesterday at a farm at Ferritslev, Minister of Agriculture Bjørn Westh was considering ways to compensate the farmers for their losses. The minister, who will today attend a meeting of the Agricultural Committee of the Folketing, is considering, among other things, a loss of profits scheme which--if carried through--will compensate the farmers both for their lost animals and for their loss of profits. Under the present rules, the farmers will themselves have to cover their losses of profits. Bjørn Westh states that the Ministry of Agriculture is in the process of calculating the economic consequences of a loss of profits scheme, and goes on to say:

"The farmers who have lost their stocks on account of the hoof-and-mouth disease must be treated decently, and we are considering a loss of profits scheme. However, I do not want to commit myself to anything as yet. We need a total evaluation of the course of the disease in Funen."

The meeting of the Agricultural Committee has been arranged at the initiative of the Liberal members of the committee.

The Minister of Agriculture, who, last night, made a speech at a meeting at Hornslet north of Århus, maintains that the time has not yet come to vaccinate the animals. The suspicion that a bull calf in Zealand would have contracted the dreaded disease may, however, be decisive, but Bjørn Westh stresses that he will need to have all the facts of the case before making a decision.

"It is my impression that the Danish farmers are quite satisfied with the way in which I have handled the matter. I appreciate that some cattle breeders in Funen are not in agreement. That may be due to the enormous psychological pressure on the farmers," the Minister of Agriculture told BERLINGSKE TIDENDE last night.

At the same time, cancellations of arrangements in Funen keep coming in. Several general meetings have been postponed, and 51 students who were to have attended a gymnastics festival at Viborg--the 'Daniade'--had to stay at home. The fear to spread the disease is greater than the desire to compete in the sports fields at Viborg. At least to their parents and the leaders of the festival, who made the decision late Wednesday night.

7262

CSO: 3106/100

GROWING STATE DEFICIT THREATENS TO REVIVE HIGH INFLATION

Copenhagen BERLINGSKE TIDENDE in Danish 7 Apr 82 p 6

[Article by Frank Dahlgaard]

[Text] "Only the most blue-eyed optimist will deny that the rapidly growing state deficit is a symptom of a development holding alarming perspectives."

This statement was made by Niels Blomgren-Hansen, an economist and consultant with the Central Bank. In an article in the periodical SPAREKASSEN, he warns against the consequences of a continuously large and growing state deficit:

The large state deficit is not only due to the economic recession. The deficit has also been caused by "the successful efforts on the part of various population groups to avoid the necessary adjustments of their real incomes. Instead, they seek to shift the burden to the public authorities in the form of unemployment benefits, employment measures, direct and indirect interest subsidies, domestic market arrangements, selective tax deductions, investment subsidies, debt re-scheduling arrangements, etc."

The economist of the Central Bank goes on to say that the public security system has partly put the market forces out of operation, and he criticizes that this has taken place "without replacing the market forces by sufficiently effective administrative guidance systems."

In other words, Niels Blomgren-Hansen criticizes the authorities for failing to undertake stricter control to stem the cheating and abuse of unemployment benefit payments.

Explosive Growth

The situation may result in "an explosive growth of the public debt," the economist of the Central Bank warns.

Niels Blomgren-Hansen does not believe in any "national bankruptcy," involving a refusal on the part of the authorities to service government bonds, but the more realistic perspectives are also quite alarming:

The state may choose to take such large parts of the payments from pension funds, endowment assurances, and the like, in taxes that the consumer expenditure possibilities on the part of pensioners "will be reduced to an acceptable level."

There is also another possibility, which Niels Blomgren-Hansen himself describes as the most likely "solution," viz. that one will put up with "a continued increase in the rate of inflation, causing the real claims on the part of creditors to become undermined."

In plain language, this means that a hyperinflation will undermine the purchasing power of future pensions which, otherwise, would become formidable on account of the very high real interest.

Niels Blomgren-Hansen stresses that the large state deficit is especially a problem in the longer run when the large pension means which are today earning tax-free interest in funds will have to be paid.

It thus will not be a question of any "national bankruptcy," but the real danger is a continued high rate of unemployment, continued foreign exchange deficits, and a steadily increasing rate of inflation, as well as increasing interest levels.

7262

CSO: 3106/100

GOVERNMENT AUDITORS REPORT ON ECONOMY, WARN ON SPENDING

Helsinki HUFVUDSTADSBLADET in Swedish 20 Mar 82 p 6

[Article: "Worse Times Are Ahead!"]

[Text] Economic growth in Finland was more rapid in the last few years than in any other Western nation. During 1979-81 total production in our country increased by 14 percent, while the average figure for the other OECD nations was 6 percent. The figures are not entirely comparable, since the decline in the other Western nations had already begun when we were on our way up.

In the government auditors' final report on the 1980 fiscal year, the fact is also stressed that an economic boom in Finland in general comes a little later than in the other Western nations, while a recession is also felt correspondingly later in our country.

The auditors also point out that the comparisons should be made for longer periods of time--at least 5 years.

More stringent anti-inflationary measures are also among the ingredients of the final report. The auditors determine that the more rapid inflation rate on the average in our country, compared to the other OECD nations, is primarily due to domestic factors.

"The inflation rate could be limited to half the present one with domestic measures alone," it says in the report.

The auditors now demand more efficient measures by the state authorities. The prescription is a "restrained income policy" and an "appropriate foreign exchange rate and interest policy."

According to the auditors, the present interest and taxation policy favors borrowing to a disproportionate extent, despite the need to promote saving in view of the coming downturn of the investment trend.

Increasing Borrowing

The government auditors also anticipate that government borrowing will grow more rapidly than lending for the next few years.

The public sector is advised to prepare for worse times ahead more than it is doing, so that it will be possible to maintain a relatively high standard of service during a recession as well.

The auditors further establish that exports to the Western nations increased by about 4 percent during 1980, while exports to the East grew by a whopping 29 percent, which was due to the supplementary deliveries as a result of the high price of oil.

The price of crude oil and fuel increased by as much as 46 percent during the fiscal year.

During the period December 1979 to December 1980, consumer prices in Finland rose by 13.7 percent, which is exactly the same as in the other European OECD nations.

The fact that we lived in an economic boom as late as 1980 is also reflected in the unemployment figures at that time, which amount to "only" 112,000 (4.8 percent of the total labor force) as compared with the present 152,900 (6.7 percent). The auditors very properly warn that unemployment will become the most difficult problem in a near future.

Becoming More Acute?

The auditors conclude their report by warning against excessive growth in the public sector. According to the auditors, excessively rapid growth in the public sector could pose a marked risk for the economic development and could furthermore cause the political conflicts to become more acute. However, according to the auditors the situation is under control for now.

The auditors' vision of the future is painted in gloomy colors. The general unemployment seems to become the most central problem not only for Finland but for most of the industrial nations.

Technological development will still reduce the demand for labor, and the labor of the developing countries will compete at the same rate as that of the industrial nations for jobs in personnel-intensive areas.

The auditors' advice is that Finland should attempt to keep up with the technological development and adapt its production structure to what is advantageous from the viewpoint of competition.

The auditors especially emphasize the importance of continuing development of the traditional production sectors: the forest and metals industries.

11949
CSO: 310P/133

BANK SEES GOOD OUTLOOK FOR GNP GROWTH

Helsinki UUSI SUOMI in Finnish 27 Mar 82 p 24

[Article: "Unemployment to Rise to Unprecedented Level"]

[Text] Total production will increase by only 1 percent this year and 2 percent next year. Next winter already the number of unemployed may reach an unprecedented high of 200,000, estimated the economic report just made public by the research section of the Kansallis-Osake-Pankki [National Shares Bank].

"Unemployment rates will differ greatly according to different areas of the country. Unemployment among youth will be twice that of all other age groups. The highest unemployment rate will occur at the beginning of next year when the number of unemployed may reach 180,000--200,000. It is not until 1984 that it seems conditions will be favorable for reducing unemployment," estimates the report.

The slowing down of inflation will continue this year because of the stabilization taking place in import prices, among other things. However, according to the report inflationary pressures are accumulating for the year 1983 as a result of wage expenditures. Next year wages in labor contracts will increase 4--5 percent even if a wage solution is made on the basis of a zero line. This is a result of the fact that the wage adjustment index can increase by a couple percent at the end of the year, estimated the National Shares Bank.

Investments Will Decline

The foreign balance of Finland's economy is good. This year the balance of payments will show a surplus and next year it will nearly be balanced. The improvement in the balance of payments is primarily the result of the low investment level. The bank predicts that investments will drop off this year by 4 percent and will increase next year by 1 percent.

The bank estimated that in the current year imports will decrease 2 percent and will increase 5 percent next year. It predicts that exports will increase 2 percent this year and 4 percent next year.

Balance Postponed

The amount of money that the state will have to borrow this year will be a full 7 billion markkas. There is no reason to balance the states's economy during a recession and it is hardly possible due to the forthcoming parliamentary elections, estimates the report.

According to it the imperative need to balance the state's economy will thus be postponed until the next upward trend in the economy or probably until 1984.

10576

CSO: 3107/101

FINANCE MINISTER WARNS OF INCREASED UNEMPLOYMENT

Helsinki HELSINGIN SANOMAT in Finnish 1 Apr 82 p 11

[Article: "Unemployment High Next Year Also"]

[Text] According to the Finance Ministry the improvement of employment is the most important objective of economic policy for the years 1984--88. In the directives for compiling economic planning presented to the ministry and the Council of State on Wednesday the Finance Ministry estimated that next year's unemployment rate will be approximately 7 percent. The unemployment level at this time is 6.7 percent.

The premise for the forthcoming economic policy in the directives is considered to be a smaller increase in prices and expenditures than the average in competitive countries. According to the Finance Ministry this presupposes, among other things, a restraint on inflationary tax pressures.

In the planning directives it is stated that the economic improvement beginning in the second half of 1982 will remain rather sluggish in the Western markets. It can be expected that the international markets will already be experiencing a downward trend in 1984. No significant aid for Finland's economic problems can be expected until the international markets improve in the final years of the planning period extending until 1988.

Also the Finance Ministry warns that there are no opportunities for increasing the gross national product share of state expenditures. As a result of an expenditure surplus, which has become structural, the increase in the cost of debt management does not leave any room for a quantitative increase in other state expenditures. However, by developing the expenditure structure it is possible according to the ministry to promote the most important social and economic policy reforms.

The ministry also places emphasis on improving the effectiveness of public services and simplifying the official machinery when the various ministries compile their own plans for the years 1984--88.

10576

CSO: 3107/101

TRADE MINISTER SEES GOOD CHANCE TO BALANCE USSR TRADE

Helsinki HELSINGIN SANOMAT in Finnish 31 Mar 82 p 32

[Article: "Good Chances For Balancing Trade With East"]

[Text] As a result of international price relationships trade between Finland and the Soviet Union has generated an export surplus for Finland. However, there are very good chances for balancing this trade through the joint efforts of officials in both countries, stated Trade and Industry Minister Esko Ollila (Center Party) on Tuesday at a meeting of experts in Moscow.

Ollila emphasized that while opportunities are being sought for increasing Finland's imports from the Soviet Union, attention should also be given to how this trade can be developed in the near future. The inclusion of large ventures in the trade between our countries has been characteristic of the development of economic cooperation in recent years, he stated.

Such ventures have according to Ollila been highly visible in evaluating cooperation. For the Finns they have also meant a considerable challenge for enterprises, he stated. Finland's industry continues to be ready to develop the exporting of projects over the long term. The Finnish government, for its part, is making every effort to ensure that our country's industry would be as competitive as possible and of a high technical level, stated Ollila.

He even hoped that the line of cooperation opened up by the experience of such projects as Svetogorsk, which was begun 10 years ago, could be continued and Finland's industry as well as its enterprises would receive new integrated ventures.

10576

CSO: 3107/98

FOOD INDUSTRY FEARS DROP IN EXPORTS TO USSR

Helsinki HELSINGIN SANOMAT in Finnish 31 Mar 82 p 31

[Article: "Food Industry Fears That Exports to USSR Will Drop"]

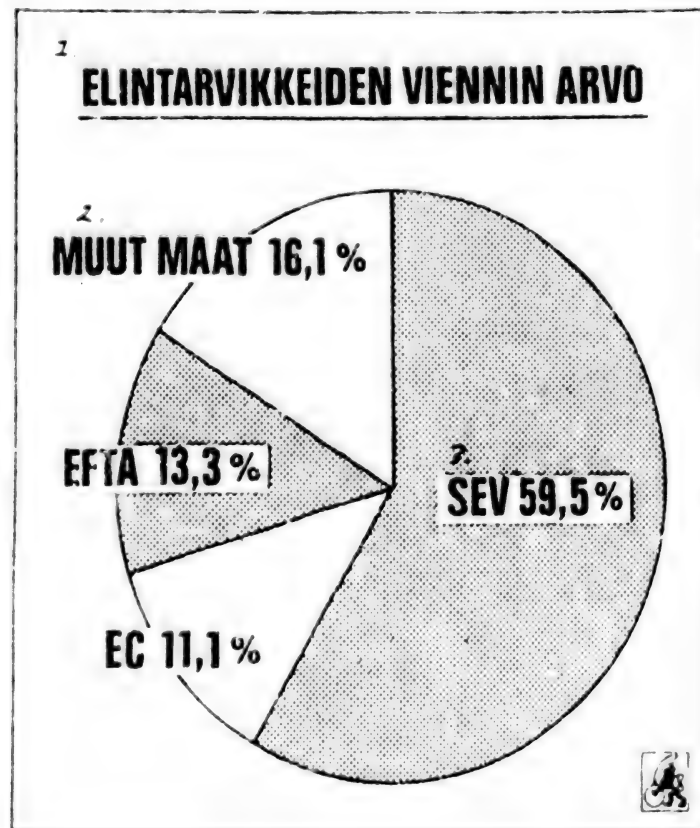
[Text] The food industry fears that its exports to the Soviet Union will decrease this year to half of last year's export volume because of balance-of-payments problems between Finland and the Soviet Union. According to Counselor of Mining Pentti Riikkala, chairman of the association, this will cause problems for this whole area of industry since export amounts should be kept at a rather even rate.

"Soviet exports are in a key position in our country since their continuation at last year's volume would be important for production as well as employment policy reasons," states Riikkala.

"The nearly 60-percent increase in exports of food products or an increase from 800 million markkas to 2.3 billion markkas was an indication of the high quality of Finnish food products, the effective production capacity of this area of industry, and the ability to adapt flexibly to changes in demand. The continuation of exports at a high level is of primary importance from the point of view of the economic prospects of the food products industry. Exports occupy a key position in this respect," noted Riikkala.

"The success of exports of food products decisively depends on the balance of price differences in domestic and foreign raw materials. In Finland this matter is regulated by a combined manufacturing tax and price difference compensation system, which was last renewed in 1978, for the purpose of increasing and diversifying exports of highly processed food products," stated Riikkala. According to him the recent memorandum from the price difference compensation work group of the Finance Ministry has come as a cold shower. This memorandum proposes, among other things, that instead of the present world market price principle a transition be made to the so-called high-price line as far as raw materials for candy and soft drinks are concerned.

"These changes would mean higher prices for raw materials and an increase in the cost of candy and soft drinks. This proposal is even more significant when it is remembered that a high fiscal tax is already imposed on these products," stated Riikkala.



Key:

- | | |
|------------------------------------|---------|
| 1. Value of exported food products | 3. CEMA |
| 2. Other countries | |

The year 1981 meant a turn for the worse for the food products industry. "After 3 consecutive years of expansion the production of the food products industry increased by only 1 percent last year. In certain important areas production volumes clearly decreased. In fact, the exceptionally forceful increase in exports of the food products industry saved the production volume of this industry from declining to a minus level," noted Riikkala.

According to him the weak development in the domestic markets was above all a result of the fact that the increase in the real income of consumers practically came to a stop. However, the growth rate in previous years was still reflected in investments in the food products industry in 1981, which increased slightly and quantitatively amounted to more than 1 billion markkas.

"This year it is predicted that the production volume of the food products industry will remain at approximately the same level as in 1981. The most important indicator affecting this trend is the estimate of growth in individual consumer demand, which it is believed will remain at 1--2 percent. On the one hand, restraints on inflation and, on the other hand, the development of consumer demand will from the point of view of this industry be in a key position in the execution of economic policies for the current year.

In addition to an employment and investment policy, the finding of a balance for achieving these most important goals will present difficult challenges before the country's government, " noted Riikkala.

Competition for Share of the Market Is a Threat

According to Doctor of Commercial Science Aatto Prihti, who delivered a speech at a meeting of the Association of the Food Products Industry, several areas of the food products industry are threatened by an increasingly stiff competition for a share of the market, which can endanger the economic operational conditions of enterprises.

According to him it is evident from a research and development report soon to be made public that the growth objectives of food products enterprises exceed the growth of this area at home, enterprises intend to remain in their previous areas and in the domestic markets, and aspirations to increase the share of the market are based on new products and more advanced technology.

"However, there are sufficient opportunities for a brighter future, which represent a counterweight to these threats in Finland's food products industry. The domestic markets offer a secure springboard for strengthening internationalization. A circumstance which previously had not been considered to have any economic value is the purity and cleanliness of Finnish food products. Particularly in Central Europe consumers are becoming aware and changing their buying habits in such a way that emphasis is being placed on purity. The opportunities of the food products industry can be improved by actively striving to invest in research and development, the goal of which would primarily be specialized products intended for export to certain suitable small groups. Only in this way will it be possible to find growing markets, in which the price level is sufficiently high and which correspond to the objectives of the enterprises," stated Prihti.

10576

CSO: 3107/98

FIRMS SEEK CONSTRUCTION PLANTS IN USSR TO BALANCE TRADE

Imatra Voima Expects Power Plant Contract

Helsinki HELSINGIN SANOMAT in Finnish 1 Apr 82 p 35

[Article: "Imatra Power Expects Large Contract for Soviet Power Plant"]

[Text] Imatra Voima [Imatra Power] is actively promoting the construction of a hydropower plant in Vaarakoski on the Kemi River in Soviet Karelia. The company has made a 1.5--2 billion markka cost estimate for the construction of a 180-megawatt power plant and has also compiled a work schedule.

IVO [Imatra Power] does not itself intend to build the project, but the company is ready to make contact with Finnish contractors for the practical execution of the project. "Imatra Power is ready to supervise the construction of the power plant and to take care of various deliveries of supplies," assures Graduate Engineer Juhani Kilpenainen of Imatra Power.

Imatra Power has even otherwise increased its foreign consulting work. Since 1979 the company has concluded nearly 80 agreements on various projects around the world. For this purpose it has now set up a separate sister company, IVO Consulting Engineers Oy [Inc.], which in the current year has concluded numerous export agreements in the area of engineering.

Largest Projects in Iraq

The company's current largest projects are in Iraq where the company is setting up a complete plan for water management on the Rawanduz River. Terrain studies and aerial photography are also being accomplished. The company is presently planning hydropower projects in East Africa and the Far East.

Recently, the company received together with a Swiss and American engineering firm an interesting consulting project in Syria. The job involves an analysis and comparison of a total offer concerning a 2 x 150 MW thermal power plant ordered by the Electric Utility Administration of Syria for the Widian al Rabi, recommendations as well as participation in contract negotiations with the selected contractor. The job will last a half year. IVO also has a good opportunity to act as the supervisor of this power plant project.



Key:

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|---------------|-----------------|
| 1. Kemi River | 3. Finland |
| 2. White Sea | 4. Soviet Union |

Presently, IVO is compiling statistics on the serviceability and failure of nuclear power plants delivered by Asea-Atom for Sweden. Most of the work will be accomplished in Finland.

Instrumentation and automation planning is presently being accomplished in Switzerland and Germany. Instrumentation planning has been ordered from IVO through the Kontram Company for a Soviet 2 x 800 MW steam power plant.

Recently, the company has concluded an agreement with Saudi Arabia, according to which the company will plan and supervise the electrification of the area of Jebel Feefa located in the southern part of Saudi Arabia and the construction of the Iitsanin Power Plant serving this network on the coast of the Red Sea. The value of the contract is a full 23 million markkas. The project will last more than 3 years.

Part of IVO's foreign activities takes place in the form of development aid and cooperation, of which a current project in Egypt is an example. The main task is to determine the reactive power situation in Egypt's electric power network and on this basis compile a compensation plan that will improve the economy and the efficiency of Egypt's network. The project, whose work estimate is approximately 40 man months, will be completed by the end of 1983.

IVO has conducted negotiations for a year on the construction of a 300-kilometer long 132 kV power line in Kenya from Mombasa to the origins of the Tana River. The contract negotiations are now in the final stages. This is the first time that a power line will be built abroad with stayed pillars under the planning and supervision of IVO using primarily Finnish supplies.

An approximately 45-million markka development and export credit was obtained for this project. Kenya itself will have to pay slightly more than this amount for construction costs.

Of the numerous most important bids abroad IVO makes reference to the bid on the construction site study for a nuclear power plant submitted to Iraq a long time ago as well as the overall planning for the development of an electric power network and production machinery in Zambia until the year 2000.

Finn-Stroi Hopes To Get Viborg Project

Helsinki HELSINGIN SANOMAT in Finnish 1 Apr 82 p 3

[Article: "Finn-Stroi Tenders Bid For Cellulose Plant in Viborg"]

[Text] Finn-Stroi is tendering a bid for a contract worth approximately 1 billion markkas for the renovation of a cellulose and paper plant in the vicinity of Viborg. The Soviet foreign trade association V/O Prommashimport [All Union Association for the Importing of Industrial Machinery] presented the company with an official invitation to tender a bid on Wednesday in Moscow. Paper plants to be built along the Yenisey River, in which the Finns have expressed an interest, were also brought up at a meeting of experts.

The intent is to increase the capacity of the cellulose plant located in the former village of Johannes 30 kilometers from Viborg to an annual production of 60,000 tons of sulphate cellulose and a same amount of paper. The construction contract is just as large as one of the construction phases in Svetogorsk.

According to the plans construction work on a plant in Viborg for the manufacture of packaging paper for food products will begin in approximately a year. The contract will last 3--4 years. Approximately 1,000 workers will be needed in Viborg. At this time there are approximately 3,700 Finnish workers employed in Finn-Stroi's projects in the Soviet Union.

In the negotiations that have begun the purpose is to determine whether the old cellulose plant can be renovated and expanded or whether a completely new plant should be built in its place. The invitation to tender a bid includes the construction of various warehouses, repair and maintenance facilities, a water purification plant, and a thermal plant for the paper plant as well as municipal engineering.

The paper industry combines to be constructed in Siberia along the Yenisey River would mean transactions worth approximately 3 billion markkas for Finland. The plant would be made as complete as possible in Finland already and would then be transported by rail to Siberia. Jaakko Poyry, Finn-Stroi, Valmet, Rauma-Repola, and Ahlstrom from Finland have been negotiating the contracts for this project. The project will be accomplished in the years 1986--90 at the earliest.

Industrial Leaders in Leningrad Discuss Exports

Helsinki HELSINGIN SANOMAT in Finnish 1 Apr 82 p 37

[Article by Markku Hurmeranta: "New Solutions Being Found for Trade Imbalance with the East"]

[Text] Leningrad--Finland intends to import more wood than it is presently importing from the Soviet Union. According to Under State Secretary Ake Wihtol

additional imports of certain metals as well as possibly certain chemicals are being confirmed in the negotiations aimed at balancing the trade between the two countries.

Trade with the East, which has progressed exceptionally well, has in the last couple years produced a considerable surplus for Finland. At the end of last year the Bank of Finland's clearing account showed a surplus of 1.7 billion markkas. This year it is predicted that the gap will increase to 5--6 billion markkas. In this situation the trade planners have initiated the serious promotion of additional imports from the Soviet Union.

According to Wihtol a certain degree of progress is now being made in the these negotiations "since the pressure is so great".

Also new products are being sought in the border trade between Finland and the Soviet Union. According to Counselor of Mining Helge Haavisto, who spoke on Wednesday at the opening ceremonies of the Leningrad representation of the Finnish-Soviet Chamber of Commerce, the expansion of the border trade, which is being presently promoted, will also include the area of Murmansk. This issue will come up again in the joint border trade work group next fall.

Haavisto, who has acted as chairman of the Finnish-Soviet Chamber of Commerce, is very satisfied with the new facilities obtained by the chamber of commerce. "The chamber of commerce, which has operated in temporary facilities since 1978, will now be able to offer Finns a negotiating support base in Leningrad, which they until now have been lacking," stated Haavisto.

The office, which opened its doors on Krasnoarmeyskiy Street, has slightly more than 700 square meters at its disposal on three floors. In addition to negotiations, the office can be used for various exhibits, the first of which is a survey of export products of the Soviet foreign trade association Lenfintorg [Leningrad Administration of Trade With Finland] opening today. The director of the Finnish side of the five-member representation is Viktor Waldmann.

At the opening ceremonies emphasis was placed on the importance of border trade, particularly for small and medium-size enterprises, which do not really have an opportunity to participate in the trade conducted within the framework of the actual main agreement.

Border Trade As A Testing Ground

According to Under State Secretary Wihtol border trade has also turned out to be especially beneficial as a testing ground in the development of trade between the two countries.

The Moscow and Leningrad representations of the Finnish-Soviet Chamber of Commerce arrange more than 50 symposiums annually. Chairman Boris Borisov of the Soviet Chamber of Trade and Industry calculated at the opening ceremonies that in 1981 more than 1 billion markkas' worth of trade was conducted with the assistance of the chamber of commerce.

Border trade conducted through the foreign trade association Lenfintorg amounted to more than 500 million markkas last year. All in all, 250 Finnish firms are involved in these transactions.

Consumer goods make up 60 percent of the exports from Finland. As far as border trade imports are concerned wood cut down near the border makes up approximately 40 percent.

Saarinen: End Oil Imports From West

Helsinki HELSINGIN SANOMAT in Finnish 1 Apr 82 p 11

[Article: "Saarinen Would End Oil Purchases From West"]

[Text] On Wednesday Communist Party Chairman Aarne Saarinen proposed in Loimaa his view on how Finnish-Soviet trade could be balanced. Presently imports from the Soviet Union are greater than exports to the Soviet Union.

According to Saarinen a solution could be found if Finland were to stop purchasing oil from the West with Western currency and instead purchase additional energy from the Soviet Union.

Saarinen proposed the following: "Last year Finland imported a total of 9.9 million tons of crude oil and mineral oil products from the Soviet Union, which cost 11.1 billion markkas. This is paid for with Finnish exports to the Soviet Union. At the same time 3.7 million tons of oil valued at 4.4 billion markkas were imported from the West. This is not paid for with Finnish products exported to the importing countries, but with Western currency. There is reason to ask: why is this so? Indeed, the Soviet Union is not prepared to sell Finland 8 million tons of additional crude oil, but it is ready to sell energy in other forms such as natural gas and electric power, which would increase Finland's export opportunities. Why are we not taking advantage of this opportunity? We must await an answer to this question from those officials who are responsible for foreign trade and our country's energy management. The oil paid for with Western currency generally corresponds in value to that deficit which now exists in Finland's imports from the Soviet Union."

10576

CSO: 3107/100

STEEL, ELECTRONICS, CHEMICALS, TEXTILES DEFINE GOALS

Individual Industries

Paris L'USINE NOUVELLE in French 18 Feb 82 pp 78-84

[Article by Alain Pauche, Jean Roume, Claude Goudier, Eric Le Boucher, and Helene Pichenot]

[Text] Industrial Networks: What the Government Wants

Integration, specialization, rationalization--French industry will experience a total reversal of strategy. A real reorganization made possible by the nationalizations which have by now been agreed. The four sectors carried here illustrate it.

For the iron and steel industry, the chemical industry, the electronics industry, and the textile-clothing industries, the curtain is about to rise. The new industrial policy is being established when the plans for nationalization, in preparation for 9 months, have been completed. From the principles, which the government for the most part has refused to comment on, or even to define, they are now moving to take action which, looked at in retrospect, can show what the policy is.

Industrial policy assumes greater substance through sketching new outlines, setting forth main lines for thought, analyzing the means provided, and more simply in recalling the nature of the problems confronting the iron and steel industry (modernization, over-employment, factories closing), or the chemical industry (need to consolidate and specialize plants and firms). Pierre Boisson, general manager of industrial strategy at the Ministry of Industry and, as such, in charge of coordinating government action in the field of industrial policy, reveals a few keys (see p 18) to a better understanding of future developments.

There is a reversal of industrial policy behind the statements of principle, which are obviously important because they deal with the role assigned to competition, to the market, to exports, to the PME [Small and Medium-Size Businesses] and...to plant managers.

The aim is to develop a "competitive offer" in all sectors, particularly in the textile-clothing industry and mass market electronics industry. Therefore, it is a matter of despecializing the country, which is called on to take up the gauntlet in all sectors. One of the ways to achieve this, the reconquest of the domestic market, was so badly interpreted that Pierre Boisson intervened in order to clarify the intent [of the new industrial policy).

At the same time, it seemed necessary to have plants become specialized, to recenter them around their "craft." This principle, until now only tentatively stated, should guide the leadership of the industrial groups of the nationalized sector. Pierre Boisson explained, "We are not opposed to diversification. We note that it is the groups themselves that speak of their vocation." And he cites PUK [Pechiney-Ugine-Kuhlmann Co.] Thomson, and Lafarbe, for the private sector.

To specialize is to nationalize; hence, to restructure. The chemical, electronics, and iron and steel industries cannot escape this. But putting it into effect will be difficult and the results will be uncertain. Is there not a danger of damaging some complex synergies in cutting back these groups?

The public authorities are more or less aware of this. However, they are trying above all to be effective and, at the same time, coherent. That is a difficult task at a time when there must be rationalization without abolishing jobs and keeping above water a great number of textile enterprises, when 40,000 jobs were lost in 1981. Thus, the debate about "integrated industrial networks" might take a new turn in the light of the investigations we have conducted. The accepted tasks of a business which imposes on it responsibilities upstream, as well as downstream, structures its activities all the way to distribution. Industry is thriving and truly on the way to being reoriented and remodeled.

Modernization and Simplification

The nationalization of Usinor and Sacilor is but the prerequisite first step to setting forth a "steel plan" intended to restore a European level of competitiveness in 5 years to these two groups and related companies. The prime minister and the minister of industry have assigned absolute deadlines for the preparation in final form of this plan. From now to the end of the month of March, Raymond Levy and Claude Dolle, the new presidents of Usinor and Sacilor, must have redrafted the nationalization and rationalization projects for their groups and harmonized them within the coordinating committee now being formed. As a second step, a roundtable (composed of industrialists, trade unionists, and parliamentary representatives involved) will have 3 months to agree on a final text and the social and regional procedures for its implementation.

As of now, many experts consider that the deadlines currently fixed probably cannot be met. But, they add, "A certain number of important decisions will certainly be made before the end of the next 6 months and this will make it possible to issue a good number of equipment orders at once."

Raymond Levy and Claude Dolle went to work immediately. It is to be expected that they will have four different kinds of problems to solve: Renewal of the

"heart" of their companies. Sacilor's lies among the Joeuf blast furnaces, the Seremange and Gandrange steelworks and the most efficient rolling mills of Sacilor's (rolled products) and of Sollac (milled products).

Studies under way for the last 6 months at the insistence of the public authorities, and particularly the report of Jean Audiberts, president of BRGM [Bureau of Geological and Mining Exploration], "The Future of French Iron Mines," have eliminated the uncertainty that at one time hovered over the future of the Lorraine iron and steel industry. The fact that the Luxembourg Arbed [Joint Steelworks of Burbach-Eich-Dudelange], which is a user of Lorraine ore, does not seem to suffer from any technical or financial handicap shows that the noncompetitiveness of the Lorraine plants cannot be attributed to their raw material.

And this poses the whole range of problems of modernization and rationalization of its principal units, or rather "production networks." From top to bottom, Sacilor needs to improve and extend its coking plants. (Seremange's capacity could be increased from 600,000 to 1 million tons per year. In the Fentsch valley there is a FR 300-400 million plan for a new coking plant.) The unit capacity of the best blast furnaces of Sacilor-Sollac could be further increased by repairs, involving a necessary extension of built-up areas. Modernization of the group's steelworks is nearing completion but budget increases must be envisaged to eliminate the bottle-necks at the rolling mills level--for example, at Gandrange, which could be called on to play the role of regrouping center for long, light, and middle-weight products; and the lines for either hot or cold milled products at Sollac, which are quite outdated by technological progress. Last year an estimated FR 5 billion was considered for the rolling mills of Sollac alone. The situation is quite different at Dunkirk, the "heart" of Usinor. If in the future this factory's production is to level off at its present volume, for the immediate future it could concentrate its activity on its best equipment, at the price of a few additions (coking plants, built-up areas) and repairs (steelworks). From this point of view, the greatest and most urgent plans for outlay concerns the heavy sheet metal mill. Its modernization should be completed, with the option to enlarge it to produce sheetmetals for the manufacture of 56-inch gas pipes.

On the other hand, if it is decided to maximize the productivity of this site, it must be expected to replace the "small" blast furnaces Nos 1 and 2 by a second one of 10,000 tons per day, along with a corresponding increase in the coking plants and built-up areas, as well as the gradual construction of a new steelworks to replace the old No 1 steelworks.

This choice would increase the importance and urgency of major construction works for which the Autonomous Port of Dunkirk (PAD) has just resumed planning. It seeks to make the factory's ore tanker dock accessible to carriers of up to 150,000 tons deadweight.

Whatever plan is accepted, Usinor must still urge first priority for the modernization of the Montataire sheet metal manufacturing complex. In order to meet fully the new quality requirements for automobile manufacturing, it does seem necessary to add a fifth housing and to finish the modernization of the principal mill, to build a continuous annealing line for extra-strength sheet metal, and a two-sided and one-sided galvanization mill.

But the "heart" of these two groups is not everything. The new presidents must also look into the question of the future of the "peripheral" iron and steel shops. Two facts must be taken into consideration: the first is that the competitiveness of the "hearts" is frequently achieved through increasing the capacity of their production equipment. However, the EEC forbids this action if it is not compensated for elsewhere by a reduction in capacity. Small units are thus in danger of being closed. Moreover, they are sometimes far behind in their modernization, and high investments may be required to make them competitive. They, thus, certainly will have to demonstrate that they are indispensable to the group if they are to be included in the plans.

In addition to the above units, the new presidents will also have to resolve the sensitive problems presented to them by their nonsteel-making affiliates or departments: the first-step process of steel, mechanical-engineering, foundries, service companies, etc.

Will Usinor and Sacilor Follow the German Model?

Two contradictory tendencies are opposing each other. On the one hand, a concern to simplify structures can induce Raymond Levy and Claude Dolle to propose that these subsidiary activities be diminished or be regrouped into specialized outside entities. On the other hand, they could, instead, accent the importance of extending the "steel-making networks" as far as possible downstream so that the group sells products with a higher added-value. Options are still being weighed concerning the possible extensions of Usinor and Sacilor toward heavy mechanical-engineering construction, naval construction, tube industry, etc., in conformity with the "German model."

Finally, there must often be delicate negotiations about the Usinor and Sacilor "satellites." Basically, these include the Societe Metallurgique de Normandie (SMN). Sharing of half of its capital among the north and east groups constitutes only a temporary solution. There is also the Ugine-Aciers, of which Sacilor has just acquired 78 percent of the capital, and the Compagnie Francaise des Aciers Speciaux (75 percent Usinor; 25 percent Creusot-Loire), whose last year's financial and production structures no doubt have yet to be completed. One should not forget the Pompey factory, which became a Sacilor division, but which has yet to be modernized.

These companies pose two kinds of problems. The first concerns the best kind of structure to give the French special steels industry in the steel plan now being prepared. What kind of industry does France now wish to have in this field, where it has a time-honored international mission? What factories or what companies should make which special steels? Recent advances in oxygen converters and pocket refining break down the traditional borders between ordinary steels and special steels.

The second problem is just as sensitive and complex. A good part of the "satellite" companies actually have efficient equipment (for example, the wire production line of the SMN or the Ugine-Aciers de Fos steel mills) which directly compete with older and much less efficient equipment that are part of the property of the north and east groups. The future of "satellite" companies and of their

factories (which, in principle, ought not to be involved in "creeping" nationalizations) remains completely unresolved.

Raymond Levy, Claude Dolle, and the coordinator today have about 6 weeks to draw up a draft plan. An analysis of it already gives an idea of the extent of the problems for which they must find solutions. When this plan has taken shape, it will then undergo critical examination by the roundtable. This is the final step and no doubt there will be many occasions to revert to it.

Chemistry: Harmonization and Concentration

The case of the chemical industry is one of the most delicate ones the public authorities have to resolve. The groups are experiencing serious financial difficulties and ought to have structures that are better adapted to a world of relentless competition. As a result of the nationalization of Rhone-Poulenc and Produits Chimiques Ugine-Kuhlmann (PCUK), the public authorities have become owners of almost the whole of our great basic chemical industry and have decided to straighten out a sector that employs approximately 300,000 persons. For the time being, the question is not whether two or three groups should be constituted. At all events, the state will do nothing on its own initiative. Alain Madec, technical adviser to the cabinet of Pierre Dreyfus, minister of industry, explains, "We are waiting for the new management teams to take their places and make us proposals."

Although reassuring, these comments nevertheless should not make one forget that the public authorities have quite definite ideas on what it would be desirable to do...since the diagnosis is clear. Alain Madec says, "This industry cannot be left as it is, with its dispersed factories that are sometimes too old, with its inefficient manufacturing networks."

Actually, the chemical industry suffers from "affiliatitis." In 1965, the eight groups then making up the private chemical industry had nearly 130 affiliates in common! That was the shared-risk strategy. Groups with public capital were no different from private groups in this regard. This explains in large part why our factories were too much dispersed in the Hexagon [continental France] and their capacities did not always correspond to an economic optimum. Later, during the 1970s, after actions ranging from border changes to mergers, the chemical industry scene was simplified. However, a number of sectors often compete with each other....

Initially, managers of enterprises will have to try to end this competition, so far as certain products are concerned. That should inevitably lead to a better utilization of production capacities and tend toward a harmonization of purchasing policies for the major raw materials at the international level. The objective is to rationalize production by again rearranging borders while maintaining the functions of the groups and without damaging the homogeneity of existing firms.

The actions and changes involve heavy organic chemical industry, inorganic chemical industry (particularly fertilizers), high technology chemical products, technical plastic materials, and the pharmaceutical industry.

The situation in the heavy organic chemical industry is of enormous concern to the public authorities. It is the sector that is most affected by the economic slowdown in the large industrial sectors and has never recovered from the two oil crises it experienced. For some observers, it is about to become a "second iron and steel industry," a situation, it will be recalled, that led Rhone-Poulenc in 1980 to turn over its petrochemical, chlorine, and its plastics industries to ATO-Chemicals and to BP-Chemicals.

This time, the solution will not be found only in France but also with the help of our European partners. It will very certainly be necessary to eliminate the excess productive capacities in plastics. Each month it loses nearly FR 1 billion at the European level.

A regrouping is inevitable in the chlorine industry. But, with a single management and attractive prices of electricity of nuclear origin, this product ought to be competitive.

Fertilizers will be given priority in inorganic chemicals. The reasons for this are simple: too many producers, a vigorous competition (our imports exceeded the critical threshold of 30 percent), and an increase in raw materials prices. Hence, it is important to regroup the forces.

Two large groups are expected to be created. One would specialize especially in nitrogenous fertilizers and be oriented around APC, a specialized affiliate of CdF-Chemicals; the other, within the framework of the Gesa complexes. This will be done without affecting La Chimie de La Grande Paroisse, the "fertilizer" affiliate of L'Air Liquide. The Ministry of Industry considers "it is a functioning enterprise that can very well keep the position it holds." This government plan is not unanimously supported by members of the industry, however.

Give Some "Punch" Back to High-Technology Chemicals

Public authorities hope to see producers acquire better control of their sources of raw materials, particularly of phosphate, in order to improve our competitiveness in the world fertilizer market. Hence, Texas Gulf, the large American producer of phosphates which has just acquired Elf-Aquitaine, can become a privileged supplier of French fertilizer producers, as the American company, Agrico, has done with the Compagnie Francaise de l'Azote.

Another main line of the new governmental strategy is high-technology chemistry. This branch has just been registered in the CODIS [Committee for Strategic Industries and Developmental Guidelines] and recognized as a priority strategic sector. High-technology chemistry (which has FR 20 billion in trade and employs 50,000 persons) lacks "punch." The government is ready to give it a chance to show some. The objectives are: transform the foreign trade deficit into a FR 3 billion surplus. The means for doing this are: strengthening research (FR 100 million per year extra), increased investment (FR 2 billion in 5 years), and changes in the industrial structures. Such companies as Rhone-Poulenc, PCIE, and Elf, which carry out high-technology chemical activities, will be led to play a driving role here. Still in the field of large value-added chemistry (technical plastic materials), the public authorities recognize that we have

lost ground despite the fact that a great development in composite materials can be anticipated with these products, and they will seek to regroup a large research force around Rhone-Poulenc.

One thing is certain for the pharmaceutical industry. The "health" division of Rhone-Poulenc will not be joined to Sanofi, the pharmaceutical affiliate of ELF, to form a great Pharmaceutical Industry of France. Nevertheless, a partner must be found for Pharmuke, the PCUK affiliate which does not have international dimensions.

Here the government will act through an Office of Medicines, whose creation is still being studied. This office theoretically ought to be a place for coordination and research policy formation. But the project is far from being unanimously approved in the industry....

To carry out this vast and sensitive restructuring plan, the public authorities are thinking of using the GIE [Economic Interest Group] formula. This formula has proved sound, since ATO-Chemicals, which brings together the chemical interests of Total and of ELF, was born as a GIE in 1970. It is the time for men of different points of view to become acquainted. That, however, is only a temporary solution.

Electronics: One Network, Several Poles

The "network" concept is the main theme of the government experts' plan for remodelling the French electronics industry. It is a concept which (curiously enough) the public authorities really do not explain, but which will become clearer as decisions are made.

The idea is that products are closely linked with each other and that it is useless to develop sector-based plans if there is no global outlook. Merely to increase plans and calculations and then juxtapose an electronics industry plan, a plan for communications science, and a plan for the component parts industry, etc., could only result in a waste of resources, as happened in preceding years. The current policy seeks to centralize the forces, to eliminate excess capacities, and create large "poles" of regrouped firms to be found all along the network, from those farthest "upstream" to those farthest "downstream." As the public authorities recognize, Thomson and CGE [General Electric Company] unquestionably dominate the French electronics industry. Hence, the other enterprises should gravitate around these giants. These are the thoughts provoked by the rumors of the constitution of two great poles of the French electronics industry: on the one hand, Thomson, CII-HB, Olivetti; on the other, CGE and Matra. But this remains an "ideal" plan and difficult to put into effect.

The second political principle is "Put your bankroll on the upstream movement in the network." In the first place, an upstream movement means research. This explains the considerable influence exercised by Jean-Pierre Chevenement's teams and the creation of an "electronics network" mission, headed by Abel Farnoux, instructed by the Ministry of Research to draw up the major orientation lines. But the upstream movement also means materials for development, machines, and basic materials. In the new constituent plan elaborated by the Ministry of

Industry, a large share of the credits will be earmarked for these machines, which are now imported, and for materials. (See USINE NOUVELLE No 2)

The third principle is "Take full advantage of the benefits of training." Here the downstream movement of the network is used. The idea is to make sure there are outlets. For example, as Abel Farnoux explains it to us, one cannot conceive of a component parts industry "without the tripod of computer science, telecommunications, and mass consumption electronics industry." These three principles (centralizing poles, the upstream and the downstream effects) now remain to be put into effect.

The Minicomputer Science Case is Well Developed

However, it is not a spur-of-the-moment matter to join this long-term strategy with the "contingencies" of business life and the heavy constraints of the "legacy." This is all the more true since, in this industry, the rapidity of technological change will have quickly rendered obsolete the few (rare) studies carried out by socialist strategists before their coming to power. Also, because the sometimes contradictory views of Budget, Plan, Matignon, Elysee, of course...and the Socialist Party are added to the studies in the Ministries of Industry, Research, and the PTT [Post, Telegraph and Telephone]. Therefore, a real whirlwind is still blowing over the terrain of the French electronics industry. Nevertheless, a few cases have advanced.

First of all, the case of the minicomputer industry. "Five French manufacturers is too much!" declared Jean-Claude Hirel, director of electronics and computer industries at the Ministry of Industry when he vetoed the agreements signed by Thomson with the American manufacturers SEL [Stanford Electronics Laboratories]. Then, thinking of the "centralizing pole," he added, "Thomson will have to work with CII-Honeywell-Bull. For the time being, it will adopt its 'mini 6' 32 bits and from now until 1985 manufacture with it, and others, the necessary 'bricks' for a line of French 'mini'." This decision throws considerable light on industrial policy. Actually, it indicates that, although the "upstream" effort must be placed jointly with several enterprises, the manufacturers will remain free in the final assembly of the "bricks," to the advantage of their respective markets. The organization is pyramidal. There is only one summit, but there is a multiplicity of bases for adapting the computers and attaching them to the different segments of the market. Let us not in passing that the government sees France's trump card in computer science (the great as well as the little) in CII-HB. With this, negotiations under way with Honeywell, holder of 47 percent of CII-HB, simply assume greater importance.

Edward Spencer, its president, recently declared he hoped to restrict his participation to 19 percent...to avoid funding the losses of CII-HB next year and thus reassure its stockholders and Wall Street. For the government, that is not the problem: "We are ready to work together, but on a long-term basis and with strong cards in our hands. What difference do percentages make under such circumstances!" However, the persisting rumors concerning Honeywell's computer division (its abandonment, or its sale to ATT, or to others) does not reassure the French who, before committing themselves, want to know what Honeywell "really has on its chest." Such a question is quite annoying to the Americans

who are not accustomed to making their audit public. The negotiations are indeed sensitive.

Under these circumstances, the question of the participation of Saint-Gobain in CII-HB arises. In reality, the French are looking for the best interlocutor for Honeywell. People are asking, "Is the state really in a better position than the great multinational, Saint-Gobain?" If that is the case, there is every reason to believe that Saint-Gobain's departure from the electronics industry will take more time than certain government experts hoped. They consider that "It is up to the state, and not to any group, even if nationalized, to arbitrate on behalf of France between investments in glass and investments in the electronics industry."

And what about Olivetti? Cutting CII-HB away from Saint-Gobain would logically require that the same be done for Olivetti, whose French group controls 35 percent of Olivetti shares. However, Pierre Dreyfus is believed to be convinced that getting real control over Olivetti will be much more difficult than Roger Fauroux hoped. The negotiations, which should be at the government-to-government level, since the Italian Government has become involved, is for the time being on dead center. Olivetti is waiting to see what is going to happen...with Honeywell! When government economists mention network to explain how everything is linked together in the electronics industry, one gets an idea of how right they are!

The formation of the two great poles in the French electronics industry thus will not take place at once. At all events, it cannot materialize under such a simple form. It (still) remains to set forth a products strategy. That requires choices. The public authorities are convinced that one must not reduce the commitment in industrial electronics (detection, aviation, communications) nor in telecommunications (the strong point today). They hope to raise the level everywhere: in medical electronics, since the health of Frenchmen is involved; in components (all components), since those condition all the rest; and in the mass consumption electronics industry, because it is inconceivable to give in to Japan. And this is without counting the scientific instruments industry, which also has its "mission" for study; the military; the bureaucracy; etc.

No doubt they will press as much as possible for agreements with foreign companies, particularly the European ones (negotiations are already under way in telecommunications and mass consumption). However, the priorities remain to be fixed.

Textiles: Automation and Marketing

One could not find a better case than the textile industry for applying the new economic and social options. There is the struggle against unemployment, for restimulating consumption, for reconquest of the domestic market.... Textiles and clothing, with their 550,000 jobs, are above all labor-intensive industries. However, each year they lost several tens of thousands of workers (40,000 in 1981). The disappearance of these jobs is the more disquieting since it affects regions which depend primarily on the textile industry. Restimulating consumption of textiles and clothing thus has a direct effect on the sector's production

volume. However, this consumption had declined by several "percentage points" during the last 2 years. The textile and clothing industries were further weakened because imports became enormous: one textile article out of two is foreign. The most direct consequence of this process, outside the reductions in the number employed, is the disquieting reduction in the companies' financial resources and their capacity to invest.

The first case to take up is the case of Boussac-Saint Freres. It has just filed its statement of affairs. Twenty-two thousand employees are directly threatened. At present, the Willot-Boussac business is being "treated." The government instructed IDI [Industrial Department Institute] to study restructuring the enterprise and to look for an industrial and financial consortium to assume, with state financial support, industrial responsibility for it.

An Urgent Need: Reduce Importations

Another reason for quickly becoming concerned over the textile industry is the renewal of the multifiber agreement. The second multifiber agreement expired 31 December 1981. It provided the government an opportunity to slow down its too massive importations of foreign products. During the last quarter, this negotiation was one of the war horses of the Ministry of Industry. During the various meetings of the Council of Ministers, it came out as the promotor of a return to a moderate form of protectionism.

Although the EEC member countries finally signed the outline agreement governing the third multifiber agreement, no commitment was made concerning import ceilings. The year 1982 will be the scene of hard bargaining for the renewal of bilateral agreements which constitute the real component of the multifiber agreement. Importations into France must be reduced since our trade balance is rapidly deteriorating. The margin of coverage for men's and women's clothing barely reaching 58 percent, while it was 96 percent in 1978.... And in 1981 exports only increased by 2 percent in value. In reality, this represents a diminution of 5 percent in volume. At a time when clothing consumption is starting up again, this process must be stopped so that increased consumption might stimulate French industry and not go to the advantage of imports. Finally, it is absolutely necessary to stop the daily hemorrhage of jobs. The first priority is for companies again to have the chance to reconstitute their funds so that they may invest and remain competitive. For that reason, they must have as broad an access as possible to assistance and participating loans. Thus, a great place should be given to the PMI [small and medium industry] in the CODIS [Steering Committee for Development of Strategic Industries]. For the time being, La Lainiere de Roubaix has just been allocated FR 100 million over 3 years as an aid in its investment program.

The Ministry of Industry has decided to "do more about it," really to suffuse oxygen into these enterprises. At the last moment, it obtained the easing of social insurance contributions of firms which undertake to maintain, or better, to increase the number of their employees, or to invest more than they had planned. Depending on what the participating industrialists will do, their social insurance charges can be lightened by 8, 10, or 12 points. However, this important step has not yet been approved by the Ministry of Economy. It fears

that other labor-intensive industries will ask to benefit from it. Although industrialists, for their part, are pleased by a decision in the "right direction," they consider that the cost of reduction of hours of work and of the 5th week of paid vacations erodes the effect of these measures.

Objective: Become Hooked in the Network

The government wants to study all the aspects of textile "network." It can do it upstream, once Rhone-Poulenc is nationalized and certain objectives of the national synthetic fibers industry are redefined. It also seeks to stimulate the creativity and the commercial attractiveness of French articles. Thus, a Center for Development of the Textile and Clothing Industry will be created. It will have a budget of FR 50 million per year, financed one-half by special tax levies and one-half by the state. This center, a place where industry can meet, will have as its mission the coordinating of different international actions, creating a style school, and harmonizing the relations between producers and distributors. Above all, it will be responsible for developing a data bank, crucially lacking today throughout the industry.

Preserve employment, or at the very least, limit the damage, and modernize this industry to make it competitive.... These two objectives, which may be contradictory, constitute the major difficulty which the public authorities will encounter. However, they are not inclined to give up.

Industrial Strategy Minister Interview

LE MONDE L'ESPRESSO NOUVELLE in French 16 Feb 83 pp 80-81

[Interview with Pierre Boisson, managing director of industrial strategies at the Ministry of Industry by Alain Pache; date and place not specified]

Q: Must Begin with the Market

The issue of industrial development cannot be reduced to a simple billboard slogan," declared Pierre Boisson, 46 years old, managing director of industrial strategies at the Ministry of Industry. Pierre Boisson is clearly not satisfied with making monumental declarations. When he says he wants to "begin with the market," "keep your feet on the ground," it is not merely to conform to a slogan. He is former mineral industry official who was development director at the Ministry of Industry and Mining, Exploration then managing director of the Ministry of Industry. He has been asked to give interviews. He made an exception.

Q: At the Ministry of Industry, you are in charge of developing France's industrial policy. preparing strategies to put into effect, that is, with the intention of making money. What is the basis of the industrial policy? How do you see the overall prospects?

A: It is not a question of making money but of understanding the role of the state in the industrial sector, of the state's role in the industrial sector, of the state's role in the industrial sector.

difficulties. It is not up to us to support, but rather to prevent, difficulties by dealing with a sector more as a whole and avoid a flood of companies in distress. This preventive action should be developed in order to seek lines of development, reasons for hope. A study has been begun on behalf of the traditional sectors. It touches on their restructuring, their modernization, the improvement of product quality. The other line concerns the voluntary action undertaken to develop a certain number of branches. Study and development facilities and high-technology chemical production have been added to the areas previously taken into consideration by the CODIS [Steering Committee for Development of Strategic Industries] (robot science, energy saving equipment, bio-industries).

Finally, the role developing upon nationalized enterprises assumes a new dimension as the public sector becomes considerably strengthened (as is the case with iron and steel industry, light steel industry, basic chemicals industry, armament, etc.).

The rationalization of industrialization groups is the means of creating "pilot" enterprises out of them, in several areas. This will be one of the most important subjects in the coming months. For all that, we do not want to pit the public sector and the private sector against each other. In relations with the PMI [Small and Medium Industries] national enterprises must play a leading role. They must serve as a model to influence the action of the large companies vis à vis the PMI.

But there is another level of analysis. It involves methods. Do you want an example? If you want to better understand the facts of life in industry, you must begin with the market. The reconquest of the domestic market, which perhaps has a too protectionist connotation, should be viewed as a way of analyzing the shortcomings of our production system. Thus, a dialogue should be developed between the clients and suppliers, and analyze what is wrong. One should move forward in this way without any ulterior protectionist motives.

[Question] Are the textile-clothing and chemical sectors to be approached in this same way?

[Answer] Obviously not. As far as textiles are concerned, our study bears on techniques for the future, which are going to develop very quickly. The strategic line is clear. It goes along by way of mastery of modern technologies and of manufacturing devices. The idea is to take advantage of the respite provided by the textile plan and the lowering of social charges to begin this effort in these two fields. One can only suggest general lines of orientation in this sense, which concern all companies. We are aware that, by setting forth a framework that is favorable to the development of the entrepreneurial point of view, the necessary restructuring and development will emerge.

[Question] Are there any trends in the chemicals and electronics industries?

[Answer] The electronics industry suffered from the lack of close relations with the State and with the public interests. But the national companies suffered from the lack of a clear line of development. When four basic sectors function at

60 percent of their capacity and there is no hope of seeing them do better, then obviously there must be a streamlining of the industry. In the high-technology chemicals industry, we should hasten the restructuring process. For the electronics industry, we must play our cards with the greatest effectiveness, and certainly in terms of an integrated network. Here efficiency is closely linked with a methodological approach. That means, first, making an inventory of the sector, seeking the best organization, and setting forth the possible future cooperation with foreign technologies.

[Question] Is it hoped to have an industrial policy that is essentially based on the notion of network and vertical integration? Is this desirable?

[Answer] One might speak of system rather than network to express the connections which can exist between the companies, and the efficiency resulting from a simultaneous approach to the different aspects of the system. The term "network" is perhaps too technical and no doubt conveys a distorted image to the extent that one has the impression of products linked together, one after the other. I simply respond to your question by saying that we ought to think in terms of a system.

[Question] Restructuring presents risks. What are the pitfalls to avoid?

[Answer] The first pitfall to avoid is too much interventionism. Restructuring is first of all a matter for the companies. The restructurings should be analyzed down to the smallest details with the interested parties. The public authorities can simply create a framework that facilitates the expression of problems of mutual interest.

[Question] Does not the idea of specialization of industrial groups appear to me to be dangerous to the extent that the complex synergies of diversified groups may be broken up?

[Answer] The idea of specialization is not rigidly put forward. But we are surprised at what the enterprises say, who consider they ought to be very strong, if not the best, in their field. I refer you to PUK [Pechiney-Ugine-Kuhlmann] and to L'Orange.... That is a very important step. That being so, the steps for diversification, which allow the enterprise to breathe and to use its synergies, have their usefulness. Leave it to the enterprises to decide.

[Question] Are they not deciding for Saint-Gobain?

[Answer] The question is entirely open. Things will be clearer after the new structures are in place. But the question you ask is important. A few years ago, the public authorities were very much attached to the idea of "field of activity" of the public sector enterprises. However, the situation is very different today since enterprises have diversified. The public sector is engaged for the benefit of the very diversified firms in the competitive sector. But it nevertheless is necessary to distinguish between what is essential and what is less so. That is the role of industrial policy.

[Question] How can the needed modernization of the production machinery take place while creating employment at the same time?

[Answer] The problem should be approached differently, in a less static way. Here is an example. You can create a flexible workshop and increase the number of jobs, provided you double the factory output. In this case, the operation is profitable. You increase the competitiveness of the company while hiring more workers. For companies connected with the international market, it is therefore possible to reconcile what first appears irreconcilable. Modernization of production equipment generally permits improving both the profit and the quality of products. Taken together, these two factors open up the market. A modernization with unchanging capacity is rather exceptional. And there are indeed employment-creating sectors!

[Question] Is Japan a model for industrial development?

[Answer] Japan has certainly followed a coherent development policy for highly technical industries. At the same time, it has followed a vigorous training policy which is now bearing its fruits. Japan shows us that, by undertaking a training policy which makes possible a better mastery of industrial phenomena, you can place a more far-reaching confidence in men.

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CSO: 3100/447

FOREIGN INVESTMENTS UP SHARPLY IN 1982

Madrid El PAIS in Spanish 31 Mar 82 p 49

[Article by Gustavo Matias: "Foreign Investments Quintupled in Last 2 Months"]

[Text] The news that foreign investments almost quintupled during the first 2 months of this year once again injected another dose of optimism. The Spanish high-level officials, who authorized these investments, proved to be "pleasantly surprised." But it is true that, in spite of the fact that there are national and international factors working against this development, the influx did not fail to turn out as forceful as it was during the last decade. Not only did incoming investments go up but disinvestments declined considerably in 1981.

The 12,451 million pesetas authorized in January and February can be interpreted as a consequence of the concentration of strong action or the previously planned accumulation of other, smaller ones. Juan Ignacio Comyn, director general of foreign transactions in the Ministry of Economy, rejects these possible interpretations.

"There have been strong investments," he said. "In January, we had something like 1 billion from General Electric for various enterprises and another one by Shell for 2.4 billion to make up a total of 100 percent of Tarragona Quimica (where that, it shared the investment equally with ERT [Rio Tinto Explosive Union, Incorporated]); in February, we had 2.2 billion from Nissan to increase its participation in Motor Iberica from 34 to 55 percent. There are no further major investments. The others are almost all less than 250 million. It was the projects that grew; in January 1981, there were 31, last January there were 87; during the first 2 months, there was an increase from 47 to 186."

Comyn also noted that indirect investments, which do not require authorization, are also growing; they do not require authorization because they do not amount to 10 percent of the capital or because they are less than 25 million pesetas. The 1981 overall data pertain to investments that have materialized, as shown in the register of the Bank of Spain. Last January, income from asset investments was 10,207 million, as against 31 billion in payments for disinvestments; in the same month of 1981, the respective figures were 150 and 21 million.

According to the director general, these are the really significant data. And the balance which has just been announced shows that FY 1981 was considerably better than the preceding one.

Although gross income from direct investments dropped in terms of dollars from 1,240 to 1,086, they did increase in terms of pesetas from 88,756 to 100,219. Besides, the portfolio investments in terms of pesetas (investments on the stock exchange) tripled. Real estate investments also went up in both currencies. The total result was 223,861 million pesetas in gross income, as against 172,103 the year before and 162,507 the year before that (in dollars, the figures were 2,406 to 2,416).

Brakes on Disinvestment

For Comyn, the important figures are the peseta figures because that is where the decision is made to invest (as we know, the dollar dropped in 1981 from 79.49 to 97.6 pesetas). But there is another extremely important fact which makes the balance look even better: disinvestments or payments for liquidation of investments--which the year before had risen from 61,019 to 63,674 million pesetas (in terms of dollars, they dropped 22 [as published])--declined considerably in 1981. In pesetas, that came to something like 10 billion; in dollars, the figure was from 599 to 594 million. This means that the net income due to foreign investments showed a great increase as reflected in the table below.

Net Income Due to Foreign Investment in Spain during 1981*

1 Conceptos	1979		1980		1981	
	Pesetas	Dolares	Pesetas	Dolares	Pesetas	Dolares
2 Inversión directa	88.756	911,9	100.219	900,0	84.675	917,2
3 Inversión de cartera	6.000,0	30,1	1.200,0	14,0	13.610,7	144,5
4 Inversión inmobiliaria	36.800,0	149,2	41.950,0	165,5	56.929,5	615,0
5 Inversión financiera	7.500,0	30,1	1.200,0	14,0	16.501,7	172,0
6 Total	139.056	1.221,3	154.369,0	1.094,5	168.116,9	1.831,6

Key: 1--Item; 2--Direct Investments; 3--Portfolio Investments; 4--Real estate Investments; 5--Other forms of investments; 6--Total; 7--Dollars; (*) In terms of millions; the net income consists of the difference between gross income and liquidation of investments; source: I.E. [Foreign Trade Institute], prepared with statistics from the accounts of the Bank of Spain.

In the director general's opinion, foreign investments--a good portion of which are aimed at expanding business operations--are profitable for Spain. Over the past 10 years, the average return for dividend payments remained at an average of 7.7 percent, since the profits in many cases are reinvested; if the balance of payments figures are negative, this is because they include earnings from international companies for Spain. And now they contribute something more than a percent to the gross fixed capital formation.

The last census of foreign enterprises in Spain, conducted in 1977, listed 1,000 companies with a participation of a majority and an accumulated capital of 21,200 million (it must be noted that direct investments were 1.16 billion in 1977 and have increased to 1.5 billion in 1981).

Juan Ignacio Comyn however proved to be moderately optimistic and pointed out that 24-F had no positive effect although perhaps it was not markedly negative either.

On top of this, the exponential growth of foreign investments since 1977 may have continued to remain attractive for this domestic market; the increase in unemployment and the world economy's weak economic pulse promoted competition and reduced interest in Spain. In his opinion, some of the attractiveness for the domestic market continued to exist but above all one can detect the presence of investors who have come to establish their bases for Europe, for Spanish-speaking America and for the Arab markets here. The difference in the manpower cost is not mentioned among the priorities.

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CEO: 3110/112

REINDUSTRIALIZATION MUST BE BASED ON FREE MARKET MECHANISM

Madrid ABC in Spanish 31 Mar 82 p 2

[Text] There are two points of departure for tackling a general problem besetting the Spanish economy: industry's competitive capacity will depend on its reorganization process. Besides, the response to this need for industrial reorganization will have profound repercussions on Spain's economic system.

The demands for industrial reorganization spring from the economic dynamics that cause products and processes to become obsolete. This brings about a loss of jobs and the appearance of new ones. And this not only involves various quantities: the quality and even the location also vary.

This dynamics of economic processes can be tackled in two ways: by slowing down the adjustment process so that there will be an accumulation of the adaptation deficit through government intervention which in turn will cause an increase in the inability of the economy to respond to the need for change. There is also another response: the response which foment the adaptation process and here again there are two possible ways: on the one hand, the way of the market and the intensification of competition which forces the enterprises to adjust to change; next, change can be speeded up with an economic policy that will bring about adjustment.

At this time, change is very strong and is causing a greater degree of uncertainty and risk. Artificially maintaining a production structure is a gigantic economic and social error; this kind of forced effort brings about a loss of competitiveness while the capacity to respond in terms of creating new jobs declines. Any change demands mobility in the production factors and manpower flexibility.

Among the three forms of response, the best is the adaptation response which operates in a direct manner, fitting in with the need for change through the market and competition and by reducing new products and new economic processes. Such a defensive response is a solution that is merely a reaction; it works when the problem has already been stated: here we have the typical Spanish situation where government intervention necessarily takes place, this is the kind of intervention which is aimed at maintaining de facto situations and protecting the sector against. The readjustment by the market is rather slow and entails significant costs and does not contribute to the objective of competitive efficiency.

There is a third response: The configuration which seeks to move toward adjustment. In Spain, any industrial reorganization policy--sadly enough, we must admit--corresponds to the policy of government interventionist maintenance.

A structural policy must not be guided by a policy aimed at maintaining structures because that can only lead to the artificial defense of jobs on a short-term basis. Any sector with problems seeks its own maintenance and protection, far from the general, overall problem statements. Sector actions must be exceptional and limited in terms of time.

An adaptation policy basically calls for the development of the market and of competition, support for new products and processes, and the development of medium-sized and small-sized enterprises, enabling them to gain access to new technologies and other markets. This transformation must be accomplished through private activities and not through public investments. The Socialist Program recommends a National Industry Plan through which the PSOE [Spanish Socialist Workers Party] proposes the transformation of the state through government interventionism so that it will become the exclusive protagonist of economic activity.

The best instruments--within a market system for industrial reorganization--fundamentally are four in number: tax amortization measures in keeping with the new investment risks; promotion of research and development; incentives for the creation of new enterprises; and support for the vocational and regional mobilization of workers.

In Spain, perhaps due to the influence of the PSOE, through consensus, we can witness the emergence of a reorganization policy with a heavy government intervention accent, eliminating the market as a basic instrument, above all through "cartelization"; in other words, that vicious practice through which various enterprises in a particular sector work out an agreement to dominate the market and impose their monopoly. This only makes for greater incompetence. Many Spanish sectors are not today preparing the proper response in terms of enterprise efficiency; instead, they want to solve the job problem in very short-range terms. They rely more on timorous maintenance than innovative change. That is not a good way.

10/8

CSH: HHO, HL

REPORT EXAMINES PROSPECTS FOR IMPROVEMENT IN JOBLESSNESS

Stockholm DAGENS NYHETER in Swedish 4 Apr 82 p 6

[Article by Bo A. Ericsson: "The Line of Unemployed Would Fill Uppsala; 500,000 People Lack a 'Real' Job"]

[Text] Unemployment is setting new records. But figures, no matter how high, often become incomprehensible.

In order to show how extensive the joblessness is, let us imagine that all openly or concealed unemployed are gathered in various municipal districts.

In order to accommodate merely those who are seeking jobs from public employment offices, the nation's fourth largest city, Uppsala, would have to be evacuated.

What will happen to our jobs in the next few years?

Are the gloomy predictions exaggerated, or does a more than stable unemployment rate threaten in a few years?

In that case, are there any alternative to unemployment?

Is perhaps the only way out to reduce working time now, divide the jobs so that they can be shared by more?

Or will we abandon the full employment concept and concentrate on a completely new system?

About 100,000 persons are now registered with the public employment offices in Sweden. At the same time more than 4 million have jobs.

The government has tried to tell the whole truth about the open unemployment.

Instead of Unemployment

It is in fact not "only" 150,000 who are excluded today from the regular labor market, but about 600,00--or 13-14 percent--of the labor force, meaning those who have or want a job.

A further change for the worse now threatens in addition to the one occurring since last fall. There is risk that the open unemployment will more than double by 1985.

What has happened is, briefly, that "the fat years" are over now. With the arrival of the 1980's, a new situation has occurred.

2.1. The background:

During the 1960's, the economy of the Western industrial nations grew by 4-5 percent a year. Old trade barriers fell like logs, world trade grew by about 9 percent each year, raw materials were cheap, inflation was low. The increase in industrial production was so large that it sufficed for both greater private consumption and for rapid expansion of the public sector.

There were wonderful times: Every year the jobs multiplied--while real wages grew--and one could scarcely talk of any joblessness. Instead, the borders were opened to a flood of immigration to jobs which would otherwise not have been possible to fill. Few saw the dark clouds.

Then came the first blow: the oil price increases in 1973. These were largely responsible for the halt in economic growth; in its stead came stagnation. The increase in world trade was cut in half (last year it was even negative), inflation doubled, the structural problems in industry became acute--and unemployment grew drastically in most countries.

After a certain amount of recovery a new oil price increase hit in 1974, and the situation deteriorated even more.

Almost all Western European nations countered the development of these years with policies of restraint in order primarily to reduce inflation and cope with the increasingly growing budget deficits.

The result was that unemployment increased even more, so that today it is higher than at any time since the war.

Even now, almost none of the experts see any signs of an improvement in the Western European labor markets in the next few years. Instead, further deterioration is feared.

Unemployment will deteriorate toward the end of this year, to be sure, but it is not expected to create a significant number of jobs. The companies can maintain productive production in many cases with the present personnel, they say, and simultaneously speed up the introduction of new technology.

In the area of the EM, for example, nearly 11 million people are without jobs today. This means about 10 percent. According to the head of the EC Commission in Brussels, Ivan Richard, that number will increase to 13-14 million in just a few years.

Simultaneously, unemployment will also increase because the number of young people is growing.

Sweden has managed to have considerably less open unemployment than most countries over the last 5-6 years.

But at the same time we had to refer a very large number of people--who would otherwise have been unemployed--to AMS [Labor Market Board] arrangements of various kinds, we had to support industry with enormous sums and borrow heavily to make it all work.

In figures, the Swedish labor market right now looks like this, according to the AMS and the Central Statistical Bureau:

- a) The number of registered unemployed at the employment offices: 150,000 (100,000 according to the Central Statistical Bureau's calculations).
- b) In public works jobs: 42,500.
- c) In training courses for unemployed: 43,000.
- d) Employees with wage supplements: 31,000.
- e) Employees in public enterprises (protected jobs): 23,000.
- f) Labor market board (testing-training): 4,000.
- g) Partially unemployed (can't get full-time jobs): 112,000.
- h) Unemployed (can't take a job immediately if jobs were available): 51,000-52,000.
- i) Persons notified of a period of temporary layoff during February: 9,000.

Together they make up about 470,000 or about 11 percent of the labor force.

At the same time there were at the end of February this year 38,000 vacant jobs at the employment offices. Only 18,000 of these were permanent jobs; the remainder were seasonal positions, vacation jobs, etc.

Unemployed People

Not included in this list are also people who took early retirement. Today their number amounts to 100,000, including those who receive temporary disability pensions while awaiting a retirement decision.

There is reason to believe that at least one-third of them, or in practice about 100,000, were retired for labor market reasons. Calculations made by the Commission on Employment at the end of the 1970's point in that direction.

If so, it would mean that a total of about 600,000 people, nearly 100,000 of whom are young people, today stand outside or partially outside the labor market--or 13-14 percent.

They are not evenly distributed across the whole country.

For today's labor market is not only weak, it is also unequal. This was illustrated in examples calculated by Provincial Governor Hans Hagnell in Gavle, who is a well-known critic and debater of employment issues.

He maintains, for example, that for every 100 employed in Norrbotten 31 were eliminated in December last year.

In Stockholm Province the number of eliminated--Hagnell consistently uses that expression--was "only" 11 percent, 18 out of 100 in the provinces of Orebro and Vastmanland, 16 in Ostergotland, 17 in Kalmar Province, 19 in Blekinge and 14 in Malmohus Province.

Elimination has increased each year, in Hagnell's opinion, and at the same time the drop has grown in proportion in the southern parts of the country.

Hell has also calculated the costs of the elimination--unemployment benefits, sickness pay, early retirement benefits--and puts them at about 25 billion kronor annually.

What is the situation today.

What will it be like tomorrow, what do the prognoses look like for the next few years?

The country--most likely, judging by the situation today, is stagnation or a continued drop in employment, unless decisive changes in economic policy take place at home or abroad. According to the National Industrial Board, only the engineering and metal goods industries will need more people in the next few years.

The State government--about 30,000 jobs will be lost over the next few years. In many measures, the TCO-3 [Central Organization of Salaried Employees--Government Employee Section] maintains, among others.

The State government--as late as a year ago supplied the public sector, together with the municipalities, with 40,000-50,000 new jobs each year. But in 1981, after a municipality a hiring freeze has now been implemented and several reductions are planned. Under the best of circumstances the municipalities can be expected to increase by perhaps 10,000 annually up to the mid-1980s.

4) Trade--lower real wages and reduced buying power will make themselves increasingly felt and are likely to lead to a certain drop in the number of employees.

All to this among other things the effects on employment of continued computerization, both in industry and in the service sector. At DSO, in particular, there is today growing concern for the jobs in this age of the computer.

Also other, these predictions would mean that the number of new jobs in the labor market up to 1985 is not likely to exceed 50,000.

But at the same time the number of jobseekers will grow. According to the Long-Term Planning Committee, the labor force will grow by about 200,000 during the first half of the 1980's.

If this happens, 150,000 people will run the risk of being "left over," and open unemployment will result. In that case it will mainly affect the newcomers in the labor market, young people and women.

Three Alternatives

A short time ago the Ministry of Economic presented a so-called adjustment of the 1985 long-range plan. It is three alternative developments for the next few years are outlined.

Alternative 1: The economy will pick up speed again by concentrating on the export industry. This will yield a 2.4 percent export increase. About 19,000 new jobs per year and a gradual drop in unemployment to 4 percent (45,000-50,000) can be expected.

According to this so-called pipe, income restraint in both public and private consumption will allow a 10% increase in wages to be required--in practice a continued wage freeze.

Alternative 2: The economy will continue in both the public and private sectors. Income will remain stable and unemployment will increase to 6 percent (60,000-65,000) around 1985.

Alternative 3: Income restraint in the public and private sectors is allowed to grow. This will lead to a drop in unemployment to about 4 percent around 1985. But if the economy remains very large budget deficit will continue to grow and the economy will be in a state of stagnation even further.

The Long-Term Planning Committee's Alternative 1.

The Long-Term Planning Committee, however, for the whole period they have been working on the so-called pipe. This characterizes the 2.4 percent export increase mentioned in the first alternative as a pipe dream.

The Long-Term Planning Committee will not invest the way out of the economic crisis, but rather will invest in a "pipe dream".

communications, roads, tunnels, bridges etc.--that is to say not primarily in the export industry. One wants to finance the program with an increase in the VAT, among other things.

"This would provide 30,000-40,000 new jobs over the next few years," said Kjell-Olof Feldt in the recent parliamentary budget debate.

The Social Democrats also want to save in the formerly so expansive municipal sector, but not quite as much as the non-socialists.

At the same time the Social Democrats do not hide the fact that even if they come to power after the election this fall, new jobs will not start pouring from the sky. There are lean years ahead.

11:46

GD: 3109/134

BRIEFS

INVESTMENT AGREEMENT WITH CHINA--In Peking on Monday Sweden and China signed China's first agreement on protection of investments. The Chinese side describes the agreement as a demonstration of their openness toward foreign investments. The agreement, designed to protect investors against nationalization of their companies, is mutual and applies to both Swedish investments in China and Chinese investments in Sweden. Although Sweden does not yet have any investments in China, Sweden is still considered to profit the most from the agreement. The agreement was signed by the Swedish ambassador to Peking, Sten Sundfelt, and the vice minister of the new department for trade and economic relations with foreign countries, Wei Yuming. Sweden has previously signed similar agreements with Egypt, Yugoslavia, Malaysia and Pakistan. [Text]
[Stockholm DAGENS NYHETER in Swedish 30 Mar 82 p 10] 11949

3109/134

CILLOV NOTES ACHIEVEMENTS OF GOVERNMENT ECONOMIC POLICY

Istanbul MILLIYET in Turkish 11 Mar 82 p 4

[Column by Dr Haluk Cillov: "Success in Exports"]

[Text] The economic stability measures have attained their two main goals thanks to [the] 12 September [1980 military takeover]. The first of these has been the "rescue" of the economy by the reduction of the inflation rate from almost 100 percent to around 35 percent.

The second goal was the elimination of the bottleneck in the balance of payments and the subsequent "revitalization of the economy." After it was determined that the most effective way of resolving the problem of balance of payments deficits, which have been continually growing since 1976, is increasing revenues from exports and remittances from workers abroad, measures were introduced to achieve these goals.

The most important of these measures was raising the value of foreign currency with respect to the Turkish lira by floating currency rate policy. As a result, we saw the Turkish currency being devalued by around 50 percent in 1981 alone. Although the rise in the value of the dollar in international markets played a role in the devaluation of the lira, it is still possible to say that a realistic policy was pursued by devaluing the Turkish lira by at least 35 percent relative to other currencies.

The fact that these devaluations took place without creating undue strain on our economy was a significant factor in raising our exports.

Meanwhile, legal arrangements encouraging exports, particularly lower interest rates and tax exemptions applied to exports, have made exports especially attractive.

However, the issue is not yet resolved. The current growth rate [in exports] must be maintained this year and over the next few years.

In fact, if the real growth rate for 1982 is expected to be 4.5 percent and if, by optimistic estimates, imports are expected to reach \$10 billion, then we must raise our exports by at least 30 percent to \$6.5 billion.

It is now known that achieving this goal is not impossible. If we assume that worker remittances this year will amount to \$2.5 billion, we will again need foreign loans of \$1 billion to balance foreign trade payments. However, once export growth is stabilized and once the "taste of exports" establishes itself, there is no reason to be incredulous about promises that there will be no need for foreign loans in the coming years.

In short, Turkey is on its way to success in exports. There is evidence that our resources are rationally utilized. However, as in the case of inflation, problems are not yet completely solved. In view of the expected 25 percent inflation rate for this year, one must expect a proportional drop in the value of Turkish currency in foreign markets. It is hoped that these drops will come to an end and the economy will be put back on its tracks.

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CSO: 4654/217

SEVIG EXAMINES NECESSITY OF MACRO, MICRO PLANNING

Istanbul DUNYA in Turkish 23 Feb 82 p 8

["According To Us" column by Veysi Sevig: "Facts of Planning and Implementation"]

[Text] Article 129 of our current Constitution--on which authorized commissions are working for amendments--stipulates that as of 1960, the economic, social and cultural development of our country will proceed in accordance with a plan. Tying the development of the country to a plan will be mandated by the new Constitution as well.

The purpose of including a clause in connection with planning in our Constitution is, undoubtedly, to insure that the development of the country proceeds in accordance with predetermined principles and that optimal use is made of the country's resources. The preamble to this clause in the Constitution states that it is widely accepted that underdeveloped countries need for their development a plan which covers all aspects of economic activity.

In past periods when development plans were implemented, various positive and negative opinions were expressed about planning. Despite all the debates, plans were prepared, but principles embodied by the plan were not adhered to during implementation.

It is known that several projects are under way in developed countries in connection with the most rational utilization of world resources. The focal point of these studies is the determination of methods to be used to control areas where there are significant amounts of natural resources. On the other hand, developing or underdeveloped countries which control natural resources oppose the principles of planning and even planning itself. The studies under way in developed countries are, in reality, future plans for the search and utilization of natural resources. These plans have a separate significance from a perspective of international controls.

The first studies in our country on development plans were undertaken by truly competent and experienced experts in this field. Consequently, the first Five Year Plan [FYP] and the course of development it proposed provided a true picture of the state of our country. Unfortunately, the first FYP, like others that followed it, remained only a written monument.

Another characteristic of the first macro scale development plan in Turkey was that it provided the first economic inventory of the country and for the first time described the state of country in numbers. No overall evaluation of the economic indicators in Turkey was ever made before the work on the first FYP. Consequently, no way was known to make a rational choice among the economic policy options that could be implemented.

Economic planning is scientifically defined as the sum total of activities in a given region undertaken by authorized organs and by using predetermined means to achieve certain socioeconomical objectives and to attain certain quantified targets in a given period of time.

The economic objectives of planning are: Optimal use of resources; full employment of the work force; full utilization of production capacity; highest possible living standards; faster economic growth; balanced development of the economy; and prevention of speculative movements in the economy. It is useful to mention here that the development of Japan, which is now described as an economic miracle, was based on the comprehensive and rigid implementation of development plans. This is because principles specified in plans are effective only when they are implemented as a whole. The most distinct characteristic of Japanese development plans is that the elimination or minimization of fluctuations in commercial markets is clearly specified as a primary target.

When the economic goals specified in a plan are finally attained, society will achieve a higher level of prosperity resulting in healthier relations among the members of the society. The creation of such an environment is universally desired.

Differences among areas to be governed by a plan necessitate the use of different scales. Plans distinguished by differences in scale are classified as macro and micro plans. The areas and variables covered by these two types of plans are different.

Micro plans are limited by management which is considered to be another class of planning. In micro plans, the goal is to strike a balance between needs and resources at the management level. These plans seek solutions to problems at the company level.

In a planned economy, coordination between macro and micro plans increases the chances of success. Consequently, macro plans are of a guiding nature.

In developing countries, in particular, the need for the utilization of available resources in the most productive manner and a high growth rate make macro planning virtually imperative. Such a plan will facilitate the shifting of investments to economically essential areas. The existence of an organization to coordinate the implementation of macro and micro plans will give added effectiveness to planning.

Existing issues for which the State Planning Organization--which has been losing its functional effectiveness in the past few years--can take

responsibility have a special significance for the future of our country. It is imperative that this organization resume performing the functions it was assigned in its first years of existence; because the visible waste in the utilization of resources in Turkey is only observed in the public sector.

Implementations that have been in effect in Turkey so far show that micro planning at the management level is very rare. Unplanned investments without prior feasibility studies have led to unnecessary waste of resources. In order to insure coordination between macro and micro planning it must first be shown that implementation of planning can be effective. For that, it must always be remembered that economic miracles are rooted in realistic plans.

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CSO: 4654/211

ESCALATION IN FOOD PRICES SURVEYED

Istanbul CUMHURİYET in Turkish 23 Feb 82 p 6

[Text] We are happy every time an increase is reported in exports; we have been celebrating the success of the "export mobilization." Increases in the export of meat, chicken and beans is also greeted with joy. However, seen from the viewpoint of the domestic market and the consumer, the picture is not so joy-inspiring. The prices of foodstuffs that are being exported are rapidly rising on the domestic market and it is becoming increasingly difficult for our people to buy the necessary foodstuffs. For example, a citizen is saddened by the rise in meat exports when he cannot afford one half the protein necessary for good health.

Example of Chicken Meat

In recent months, an example of this phenomenon was experienced by consumers in big cities in connection with chicken meat.

According to estimates made by wholesale and retail market experts, the price of chicken meat has risen to 380 to 400 Turkish liras [per kilogram] as of the beginning of this year. The rise in price was due to a drop in supply--mainly as a result of exports--and an increase in demand. The reaction to the rise in the price of chicken was not very strong because the rise was described as "temporary." But when YUPI, a company that controls 30 percent of the market, diverted all its supplies to its export contracts at the beginning of this year, the resulting drop in the supply of chicken in the domestic market delayed the expected decline in prices.

According to some studies, the rise in the price of chicken meat was caused, to a certain extent, by insufficient supply. It was determined that small producers, who play a moderating role in the markets, stopped growing chickens when they found out that they were losing money at 1981 live chicken prices of 110 to 120 Turkish liras per kilogram. The idling of these units, which supplied a significant amount of chicken meat to the markets every 2 months, was another factor pushing the prices higher. Meanwhile, exports--at around 265 Turkish liras per kilogram--to Iran by medium-size companies around Mudurnu, which generally are suppliers to the domestic market, adversely affected the domestic market supply picture. As a result of these developments, which have reinforced each other, the chicken price of 380 to 400 Turkish liras per

kilogram--now in effect for 3 months--has now literally become permanent. However, market experts have indicated that as a result of the current "profitability" of chicken meat currently idle producers have resumed buying chicks and that the first batch of goods may reach the wholesalers within at most 30 days. Wholesalers maintain that other producers will follow this trend and that "barring unforeseen circumstances, a decline of 40 to 50 Turkish liras per kilogram should be expected in the price of chicken meat."

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CSO: 4654/208

DRIVE TO COMPLETE HOUSING ANNOUNCED

Istanbul TERCUMAN in Turkish 19 Feb 82 pp 1, 14

[Report by Dogan Sumer]

[Text] Ankara--Minister of Health and Welfare Sadik Side announced that 60,000 housing units that were left uncompleted for various reasons will be completed this year. Side said that for this reason loans to be extended to newly formed cooperatives will be put off for some time. He added: "However, we will be able to extend loans to cooperatives which have completed their organization, which have bought their building lots and which have already submitted their 10 percent downpayment for a loan to the Social Security Organization. Priority will go to cooperatives with a large number of members because we have reduced 1982 appropriations slightly."

In a statement to TERCUMAN, Sadik Side said that a drive is underway to complete 60,000 half-built housing units. He said: "The housing issue carries great significance for our citizens and country. Rents in big cities now exceed the average monthly salary; they have been above the minimum wage level for a long time.

"We have decided to continue the construction of the estimated 60,000 housing units for workers from where they have been left off. Here priority will go to units which have very little work left for completion. For example, there are units that are 70 to 80 percent complete. The cooperatives building them are out of money and loans, and they cannot make the payments. Some cooperatives have even been disbanded in desperation. Most of these half-finished construction projects have been left to their fate. We want to continue these projects from where they have been left off; we want to complete them as soon as possible and deliver them to owners.

"For this reason, we are putting off loans to newly formed cooperatives. Because undertaking new investments or adding new investments to existing ones will cause nothing but pain. In order to prevent this situation, we decided--at the cost of forcing the limits of our financial resources as well as legislation--first to complete unfinished housing units and then start dealing with the demand for new housing."

Asked whether "no loans at all will be extended to new cooperatives this year," Side said: "No. There is no question about not extending loans at all. We cannot say 'we do not have any money' to cooperatives which have completed the formalities for organization, which have submitted their 10 percent downpayment to the Social Security Organization and which have already made some future plans.

"However, there are those who are just starting and say: 'We began gathering members and we will organize a cooperative. What do you say?' To those our suggestion is:

"Be patient. There are many people far ahead of you with a right to a loan. Everybody has to wait his turn. Your turn may not come till 1983. Be careful. Try condominium housing. Do not rely too much on a Social Security Organization loan for the next few years."

260 Worker Housing Units To Be Built

Side also stated that his ministry attaches great importance to worker housing and that this year 260 new worker housing units will be ready for service.

In reply to another question Side said: "I have given firm instructions to have the loans transferred in time to those who qualify after the qualification papers are completed. The Social Security Organization is not in financial trouble, thank God. We are progressively improving our situation. If there are people who have been unjustly treated or have not received their money, they should come and see me at the Ministry."

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CSO: 4654/208

PROFESSOR URGES DEVELOPMENT OF TRANSPORT SYSTEM

Istanbul MILLIYET in Turkish 2 Mar 82 p 2

[Article by Professor Latif Cakici, Member of Faculty at the School of Political Sciences of Ankara University: "Exports Impossible Without Development of Transportation Systems"]

[Text] It will be recalled that the 24 January 1980 measures were taken with the aim of revitalizing Turkey's economy in the face of a declining rate of "planned growth," which was begun in 1963. The goal of these measures was to restore the upset market equilibrium and, in particular, to revitalize exports in order to insure the flow of foreign currency necessary for the development of the country.

The success of the desired export mobilization depends on the fast, continuous and cost-effective delivery of our export goods to foreign markets. In other words, Turkey can solve its problem of entering and staying in foreign markets only by having an adequate, effective and organized transportation system.

We learn from news items that many export commitments cannot be met in time as a result of the inadequacy of existing transportation services. For example, there have been delays in exports to Libya which, currently, is an important customer. Commercial links with Nigeria could not be realized because of an inadequate supply of transportation vehicles and equipment.

If Turkey sees increasing its exports as the way out of its economic crisis, then it must take timely measures to insure that the goods to be marketed reach the buyer countries as swiftly as possible and at the lowest possible cost.

The international nature of exports gives an international character to transportation services which form an inseparable part of exports.

The fact that a well-established, well-rooted and organized transportation system does not currently exist between Turkey and the countries to which our exports have risen considerably in the last few years forces us to emphasize this issue. Another factor in emphasizing this issue is the fact that foreign exchange expenditures on freight are "second only to petroleum import expenditures." The fact that a country with foreign currency shortages and a

geographical position well-suited for good transportation links spends large sums of foreign currency on freight is an issue that is worth thinking about.

We believe that in order to solve the transportation problem of our exports incentives must be introduced to encourage maritime transportation and that savings in foreign currency to be gained from such measures will have a significant contribution to the economic development of the country.

Meanwhile, it must also be kept in mind that as a consequence of the geopolitical position of our country, foreign currency earnings from transit freight can be important.

As is known, transit freight today is in "containerized" form. There is no reason why Turkey, as a bridge between the East and the West, should not have significant foreign currency earnings from transit freight.

Today transit freight through Turkey takes place in two ways:

1. Goods in containers are shipped from European countries to our ports and then transported, by truck or train, to Middle Eastern countries.
2. Goods are transported from European countries, through Turkey, to Middle Eastern countries by TIR [International Highway Transport] vehicles.

Turkey earned \$670 million in 1981 and is expected to earn \$910 million in 1982 from international direct and transit freight.

Although, at first glance, these figures appear impressive as they are, in view of some of the projects planned for the next few years they may represent just the tip of the iceberg. For example, one project will involve a RO-RO [roll-on-roll-off] ferry link between Costanza [Romania] and Samsun and a highway link from Samsun on to Middle Eastern countries. Another project will involve a container vessel link between Venice and Mersin and a highway link from Mersin on to Middle Eastern countries. When these projects are completed foreign currency earnings may increase significantly.

Expanding world trade and resulting transportation issues must push Turkey to follow and evaluate these developments closely.

What must be done in order to reduce our foreign currency expenditures for transportation in marketing our exports and to raise our foreign currency earnings from transit freight? We believe that work and measures in areas listed below in connection with containerized transportation can produce beneficial results.

--Close ties must be established with neighboring countries--particularly those which will directly benefit from a good transit transportation system--and these countries must be encouraged to contribute to necessary infrastructure investments. Iran is one example of the countries which benefit from the TIR system--which wears out the highways--and which should be encouraged to participate in meeting the costs of the system.

Although such an arrangement has so far not been implemented for various reasons, realistic contributions can be secured.

A cheaper alternative will be building a highway between Mersin and Gurbulak only, instead of building the complete 2,000-kilometer span, and modernizing the Mersin harbor.

--Efforts must be made to choose ports which will facilitate the loading and unloading of modern container ships and to install loading-unloading equipment at these ports. It is clear that this is a problem of selecting and equipping ports. Currently the ports of Mersin and Iskenderun appear to be most suitable for this purpose. However, their loading-unloading facilities, warehousing services and their links with the hinterland must be updated to meet contemporary needs.

Also transforming existing ports from city ports into regional ports is important because such a transformation can reduce shipping costs.

--The following steps must be taken to insure adequate links between ports and the hinterland necessary for an integrated transportation system:

a) Ways must be sought to eliminate delays and jams arising out of the fact that existing railways are single-line. For example, two-way railways can be constructed and electrical or diesel locomotives can be introduced to increase the speed of trains.

b) In lengthening existing highways the quality and axle-bearing capacity of the highways must also be raised in order to facilitate fast travel by container-carrying trucks and trailers.

It is clear that we cannot solve by our own means the problems related to containerized and integrated transportation problems listed above. The solution of these problems necessitate large investments which represent a significant burden for our country.

If Turkey wants to enter the capital-intensive field of containerized freight--and it needs to do that--it must join the consortium bandwagon. To that end the following steps must be taken:

a) In the Eastern Mediterranean, the Marmara and the Black seas construction must start on container terminal ports making use of financing by foreign consortiums. For example, the ports of Istanbul, Mersin, Iskenderun, Trabzon and Samsun must be 80 percent renovated.

b) These consortiums can also help in the construction of highways and railways from ports into the hinterland. Special attention must be paid to integrating and coordinating investments in these three key links of the transportation chain.

As in all economic undertakings, in integrated containerized freight, too, capital is a necessary but not a sufficient factor. A personnel structure to

meet the needs of modern transportation methods and to maintain organization and coordination among transportation means is equally important. Consequently, emphasis must be placed on the training of personnel who will understand the needs of international trade and transportation.

The lack of statistical data, which will be the basis for all planning issues, is one of the factors inhibiting timely and well-placed decisions. Consequently, our means of objective and scientific evaluation are severely limited.

Building modern ports, buying 2 or 3 container ships and 150 to 300 trailers in the absence of trained personnel and sound statistical data may turn out to be nothing but a waste of resources for a developing country like ours that is particularly short on resources. On the other hand, it is part of the national duties of governments to determine a general transportation policy which will cover the problems mentioned above and to lay the foundations of long-term strategies which will facilitate the implementation of this policy.

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STREET DEMONSTRATIONS IN BRUSSELS NOW VIOLENT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 18 Mar 82 p 3

[Article by Heinz Stadlmann: "The Belgian Idyll Is Over. The Latest 'March on Brussels'"]

[Text] Belgium's capital had until now been spared the spectacle of rioting, malicious vandalism and serious confrontation between demonstrators and the police. To be sure there had been student demonstrations and other forms of political protest, yet the result was, at worse, relatively harmless scuffles with the ever-present special units of the national police. When protests took place in Belgium they generally followed a typically Belgian pattern: nobody took the issue too seriously and no one ever thought to be late for lunch because of them. Most such demonstrations ended promptly just before one o'clock with the participants streaming into nearby restaurants.

But now this Belgian idyll seems to be over for once and for all. Last Wednesday, when the results of the serious disorders the day before were totalled, almost 200 injured policemen, 14 of them badly hurt, and an unknown number of injured demonstrators as well as property damage of a million francs were recorded. One newspaper remarked on Wednesday that a "hurricane of terror" had swept over Brussels. In the center of downtown, at the Place Rogier, a street battle between French-speaking steel workers and strong detachments of the constabulary had taken place.

The tension, which had prevailed for weeks as a result of prolonged strikes in French-speaking sections of the country, had shifted to Brussels last Tuesday. The socialist trade unions had organized some 10,000 steel workers from Louvain and Charleroi for a "march on Brussels" which was intended to give the government a fright. What was at issue was the rescue of the major steel plants which have only been kept afloat through heavy state subsidies. The Walloons Socialist Party, which has supported these strikes, also sees in them a way to make their opposition to the Center-Right government more effective. The leaders of the Socialist party marched in Brussels at the head of the column of steelworkers through the center of the city.

As early as five weeks ago the steelworkers had offered a hint of their new militancy when they broke into the building of the European Commission in Brussels to emphasize their objections to repeated delays in the decision to

reorganize their steel plants. Although there was some consternation among the officials there was no violent demonstration in the "showcase of Eurocracy." Not until the march on the government center did serious confrontations with the mounted police occur. There had been considerable violence in the past two weeks when trade unionists stormed the offices of the Liberal Party, part of the ruling coalition; bank windows were shattered and non-participating members of the Christian trade unions were harrassed. Louvain's business community was subjected to heavy pressure to join the strike and to close their stores. In Louvain there was considerable talk of a reign of terror exercised by the trade unions.

The constabulary was prepared for the "march on Brussels" which had been announced a week earlier. Police patrols were stationed along the express highway from Louvain to Brussels and observed the arrival of the steel-workers in some 200 buses. European Commission headquarters and government buildings as well as NATO headquarters were screened off by some 1500 members of the security forces. At the outset things went along peacefully enough. The steelworkers marched from the southern railroad terminal to the north station along a broad boulevard through the center of the city. When the demonstration appeared to have ended and the first participants were entering their buses, a group of masked demonstrators advanced on the police barricades with rocks and slingshots. The police responded with tear gas and water cannon and drew their nightsticks. Within a short time a bar was stormed, a vacant hotel set afire, the "Sheraton" Hotel badly damaged and everything that was not nailed down was demolished. The citizens of Brussels, who have had no problems with apartment house squatters since plenty of apartments are available and who had only heard of militant groups and terrorists at second hand from television and press reports, were once again, after a lapse of many years, having an experience of civil war.

What had happened in Brussels was different from violent demonstrations in Holland and West Germany because here a major trade union, supported by a Socialist party, was agitating for militancy. The concerns of the steelworkers were being exploited for a political fight against a democratically elected government. There is an apparent effort being made to overthrow this government by pressure from the streets. That had happened once before in Belgium, when in 1960/61 a Walloons trade union leader kindled a revolutionary movement against the government in Brussels. The issue of Walloons independence was also at stake at that time. The same mix of social unrest arising from economic causes and the pressure for autonomy is once again today the cause of the tension and the violence. In the meantime the strikes against the government are spreading to Flanders, having earlier been limited to French-speaking areas. Last Tuesday activity in the harbor of Antwerp was halted and the railroads obliged to suspend operations over long stretches of track. The government of Prime Minister Martens is being subjected to increasing pressure. The Christian trade unions have also issued a call for a national demonstration in Brussels on 27 March.

JOURNAL VIEWS FLEMISH SOCIAL CHRISTIAN CONGRESS

Brussels LE SOIR in French 16 Mar 82 p 2

Article by J. El.: "CVP Congress: Majority Wants To Be More Flemish and Regionalist but Refuses To Sink the Ship"

[Text] The main point of the congress at Heysel, entitled "CVP [Social Christian Party (Flemish)], Movement and Party," was certainly not the election of Frank Swaelen to the presidency of the party. Nor even his high score (37 percent), as he was the sole candidate. It was not even, strictly speaking, the passing of a resolution calling for the regionalization of the five economic sectors which remained national: this was expected, and the government had even anticipated the desires of the CVP by promising to study the question.

On the other hand, it was less expected that the CVP would also take a stand in favor of the regional autonomy of credit institutions. What is new and significant is the fact that quite a number of delegates followed Eric Van Rompuy, the president of the Young CVP, who wanted the party to take a stand in favor of the division ("splitting") of the public credit institutions. However, the amendment of the Young CVP was rejected.

If one excludes the discussion on this subject, the congress at Heysel was particularly calm. Especially on Saturday: barely 600 persons attended the congress (approximately double this amount on Sunday), while the CVP has 4000 delegates with the right to vote. November 8 has certainly not been forgotten, but one might wonder whether the period of astonishment has not given way to a period of discouragement...

Hence there was a certain inertia among the participants at the congress until the moment of the discussion of the resolution concerning the regionalization of the five national sectors. In the morning already an amendment was passed in committee linking the regionalization of the five sectors to the autonomy of the public credit institutions (CGER [General Savings and Pensions Bank], NCB [National Company for Credit to Industry], etcetera). In the afternoon then, the Young CVP tried to radicalize the text and to pass the regional division of these institutions. At that point, we witnessed an adorable little

and within the Van Rompuy family: Eric, the president of the Young CVP, very much applauded, pleaded passionately for the division, while his brother Herman, president of the congress and leader of the PSC (Social Christian Party (Walloon)) - CVP Study Center (CEPES), opposed him, arguing specifically that it would be better to pass a reasonable and attainable resolution rather than a pious wish. Frank Swaelen also spoke in this sense. Whereas Mr Martens seemed very worried.

Of the two brothers, it was Herman who prevailed. If this had not been the case, history would probably have remembered this congress at Heysel better. It should also be noted that in his address, Eric Van Rompuy expressed his concern following the recent statements made by Ministers Nothomb, Maystadt and Delors, who, he fears, want to transform the long term debts of 15 billion francs of Cockerill into capital and to free the investment package of 21 billion francs before the regionalization of the steel industry takes place, a regionalization which would affect only future financial commitments. Hence, he suggested an immediate freeze of the steel industry problems: no new decisions concerning the steel industry, and the blocking of the plan of 15 May, "a way for the CVP to provide a clear response to the blackmail of Gillon and of the Walloon strikes." This, however, was not passed and was not even submitted to a vote. Nevertheless, Eric Van Rompuy's speech was greatly applauded. As was everything which tended to "make the CVP more Flemish."

On Sunday morning, the CVP held a "convention" in view of the municipal elections in the fall. An exhibition had been set up in one of the halls at Heysel: "Heizelseum, village of 1988," the main street of which was called... Avenue of Flanders.

In the afternoon, it was up to the prime minister to recall the objectives of the government. Mr Martens concluded by shouting his war cry: "The decisive battle has begun. The die has been cast. We have crossed the Rubicon. We will not take a single step backward."

Finally, the new President Swaelen, after having affirmed that the CVP is the loyal supporter of the government, said clearly that "the CVP does not ask for a third cycle of state reform." Which this demonstrates.

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'THE ATHENIAN' PUBLISHES INTERVIEW WITH LYSSARIDIS, ROLANDIS

Athens THE ATHENIAN in English Apr 82 pp 17-20

[Article by Haris Livas]

[Text] It has been almost eight years since July 20, 1974, when 40,000 Turkish troops invaded Cyprus. From the Turkish point of view, it was an intervention mounted to protect the Turkish-Cypriot population in the wake of a coup against the government of Archbishop Makarios led by Greek-Cypriots backed by the junta in Athens. Although the coup failed, the Turkish troops remained, as did an artificial border between north and south dubbed the Attila Line. The two communities were isolated from each other, with the Turkish-Cypriot population, 18% of the total, settling on the northern 38% of the island, while some 200,000 Greek-Cypriots fled to the south. Behind the Attila Line, the Turks created a Turkish Federated State of Cyprus, which has not received international recognition. Intercommunal talks between the Greek-Cypriots and the Turkish-Cypriots have attempted to find a solution which will preserve Cyprus as a sovereign country, but the progress of the talks to date has been disappointing.

Although Greek-Cypriots represent 82% of the island's population, no Greek Prime Minister ever set foot in the state of Cyprus until February 27, when Andreas Papandreou's plane touched down at Larnaca Airport. Wherever he went during his three-day visit, he was greeted by almost overwhelmingly strong emotions. Many said that they could remember only two previous occasions when the whole community had united in such a celebration -- when Archbishop Makarios returned from English exile in the Seychelles, and when he returned to Cyprus after the coup attempt of that ill-fated summer of 1974.

An emotional radio announcer said of Papandreou's arrival, "This is the only day since the invasion that we've stopped crying," but the truth was otherwise -- there were tears in hundreds of eyes. As a cab driver said, "He's the only Prime Minister who *cares!*" Wherever he went, people flooded the roads with "love and gratitude in their hearts" (to use another commentator's words). He brought words of support and he brought a new plan for the internationalization of the problem.

which will probably end with a call for an international conference on Cyprus within the framework of the U.N. If the intercommunal talks do not succeed. With his "strong international voice" (as a Cyprus Embassy official puts it), Papandreou is seen as a key to this internationalization. He himself said, "We are launching a crusade on a world-wide scale for the mobilization of Greeks everywhere, in order to make our partners conscious of the serious crime committed at the expense of the Cypriot people, both Greek-Cypriots and Turkish-Cypriots."

To those who think that Papandreou brought only words to Cyprus and wonder if any positive results will be forthcoming, a leading Cypriot businessman replied, "Even if it's *only* words, they are enough for us!" Papandreou's visit was truly a time for Cypriots when "hope becomes belief."

...

The two interviews this month were taken by this writer during the first week of March following the Prime Minister's visit to Cyprus. Nikos Rolandis is the Cyprus Foreign Minister, a former director of Seven-Up in Cyprus, known for his shrewd business sense. Vasso Lyssaridis is the head of the Cyprus Socialist Party, EDEK, and a close friend of Prime Minister Papandreou. The questionnaires were approximately the same for both men and although they were not interviewed together, we have paired their answers to highlight the variations of thinking on Cypriot affairs.

Livas: Prime Minister Papandreou used two phrases in his speech to the Cypriot Parliament which can be taken several ways: "decisive mobilization" and "fellow fighters". How did you understand them?

Lyssaridis: He did not use those terms militarily. By mobilization, he means political mobilization, he means internationalization of the problem. He means the conscripting of more forces into a better understanding of the Cyprus Problem. He means putting pressure on Turkey to end the Occupation. By "fellow fighters", he means the same. He made it very clear that support alone is not sufficient. Greece will not just support, but stand in the same trench with us — because they have moral obligations. Because it was (although it was the same organization that put Papandreou into prison) still a Greek administration that started the whole process. And second, we are a part of the nation — from the cultural, historic, and national point of view there is an identity. Apart from the fact that we are an independent state (and we shouldn't make a confusion between these two terms), Greece is a guarantor power, and Papandreou considers that means legal obligations from all the Greek government to give every kind of support to the Cypriot

people for independence. That's how I understand those phrases.

Livas: But let's say you needed military help. What kind of help could you expect from Greece?

Rolandis: We are keeping the Cyprus Problem completely political. We believe the solution to the Cyprus Problem will come through political contacts, whether in the intercommunal talks or in the internationalization of the problem. We do not want a military confrontation with Turkey or with anyone. We believe a military confrontation would be the wrong way to solve a problem like this one. If we have to come to such a need, it will be for defensive purposes only, and only to defend further losses of territory. For this reason we are building up the National Guard, which is a purely defensive body. Now, regarding any involvement of Greece . . . you'll appreciate that I cannot say more. The hope is that we will not have to resort to such measures. It would not be helpful to Cyprus or Turkey or Greece or the area.

Livas: This visit with its strong emphasis on Hellenism is seen by the Turks as a provocation. Sometimes Hellenism does reach extreme proportions, such as the sign in Larnaca "Cyprus is Greek" or the comments by the regimental commander when we were at the military camp about "the eternal enemy of our race".

Lyssaridis: The visit itself can hardly be considered as a provocation. I believe it's a provocation to our dignity to say that the Prime Minister of Greece has no right to visit an independent state, and one to which he has legal obligations as a Guarantor Power. He can visit any country — the United States, the Soviet Union, China, Turkey — how can we say the Prime Minister of an independent state cannot visit another independent friendly state. The "provocation" use was just devised by Turkey to put obstacles to such a visit. As for the Hellenism issue, I think there must be no misunderstanding between cultural and state identity. Yes, the Greeks here do feel Greek. And I'm sure the Turks feel like Turks. And we want them to feel that way. We don't want them deprived of their nationality. The same is true of the Maronites, of the Latins, of the other groups in Cyprus. But this should not be confused with Statehood. We want to retain our Greekness. We want the Turks to retain their Turkishness. But we want both of us to understand that Cyprus is *our state*. We shall live together in a multi-national state. There are many such states; we are not the first. It is in that sense that we speak about Hellenism, about Greekness, and not in the sense of replacing the independent State of Cyprus.

Rolandis: By and large, the Greek-Cypriots and the government are not pursuing a chauvinistic cause in the solution of the Cyprus Problem. We are fighting for a sovereign state of Cyprus. We want to maintain the ethnic ties of the Greek-Cypriots with Greece and the Turkish-Cypriots with Turkey. But chauvinism or extreme nationalism of any form will not help this country. Although we Greeks believe in Hellenism, we do not think Hellenism should be used as a tool to divert us from the goal of maintaining the sovereign state of this republic.

Livas: *How can the internationalization of the Cyprus Problem help?*

Lyssaridis: It depends on how much one believes in internationalization. I will be frank. I don't believe our government has ever made internationalization a real policy to date. On the contrary. By pretending there was a good climate in the intercommunal talks, they were projecting the idea that every reference to the Turkish foreign occupation, to violation of human rights, might undermine that — and in my opinion, non-existent — "good climate" in those talks. We must make a real effort to present the problems of Cyprus in their real dimensions in an international arena. The real problem of Cyprus is not an intercommunal one. It is a question of occupation and of violation of human rights. We never made our struggle on this basis. We never went from country to country to explain that what is at stake in Cyprus is not only the existence of a small nation, but the changing of the interstate code of the area; whereas violation, occupation and aggression can create right! It is this principle at stake. And it should be brought to the attention of people because it might one day be their problem. Now it is our problem. Papandreou has been in power only for a very short time. But this view he has had from the beginning. It is not a view adopted once he became Prime Minister. Already in Europe, there is a new interest in the Cyprus question. There is another kind of motility of the Cyprus question. What kind of constitutional arrangements we will have is our problem. Territorial arrangements are our problem. But it's the *occupation* that must be ended if we are going to have any kind of fruitful discussions.

Rolandis: We've been pursuing two courses: the intercommunal talks, which might lead to practical results some day; and the internationalization, which helps us maintain our national entity as a country. I can see your point that by having many resolutions, we cannot solve

the problem. But it's not just the Cyprus Problem — it's all problems. As you may know, this year there are 136 problems inscribed on the agenda of the United Nations. Most of them are left over from the past, so we're just repeating the same thing each year. So, whereas at first glance, we might wonder why do we need that, since nothing comes out of it, this is actually what safeguards, in a way, your international status as a country. You are Cyprus. You have a government. You have a President. You have a Foreign Minister. And other countries somehow respect your existence as a nation. So this aspect cannot be overlooked. It may not have brought any practical results, but we never abandoned the international aspect, even during the period of the talks. So we will maintain both. But if the dialogue proves completely ineffectual, we are wondering: should we adhere to it, or rather seek something else that may become more productive.

Livas: *Could you be more specific? Just how much more time are you going to give to the talks?*

Rolandis: The good offices of the Secretary General are not enough. We might need something stronger. Maybe we need a mediator. I'm just giving you an example. There is no decision yet about mediation or anything else. Good offices may be too feeble and weak to bring a result. It's because there is such flexibility in the good offices, the mandate, that nothing is achieved. Why don't we try mediation! Again, under the umbrella of the United Nations. I'm just trying to give you an example of what future plans might be, in case the intercommunal talks fail.

Livas: *Willy Brandt's name has been mentioned in this connection. But suppose the Turks are not willing to have him?*

Lyssaridis: Brandt himself made it clear that neither has he been asked nor would he accept the role of mediator. No one wants to replace the U.N. But what he would do — and he's welcome to do it — is to help — to use the word that Papandreou himself used — as a catalyst, for the better motility of the Cyprus Problem. It's well known that Willy Brandt has the esteem not only of the socialist forces in Europe, but among governments. He has a very wide international reputation. So if he would accept to play a role, the Cyprus Problem would find its proper motility, but always within the framework of the United Nations. In any case, we believe his would be a welcome contribution.

Livas: *What has been gained by the recent visit of President Kyprianou to Hungary, Bulgaria and to France?*

Rolandis: The idea is to keep in touch. These are countries who have supported us in the past in international forums. And I have told you how important we believe these international forums are, to maintain and safeguard our national entity. We also have trade relations with these countries and the visit of the President is always an opportunity to strengthen trade relations. It's in our program to be in touch with as many governments as we can. I'm doing it myself as well . . . inviting foreign ministers to Cyprus and having official visits to other countries. And to a much bigger extent than what was happening before. In the past four years we have had ten or fifteen times more visits than in the past twenty years!

Livas: Do you think Papandreou's visit to Bonn was helpful?

Lyssaridis: I think so, yes. It gave him the opportunity to explain the real dimensions of the Cyprus Problem, to reposition the problem as one of occupation, and explain this to all Europeans, especially the Socialists. I believe this was a real development. For the first time, a Prime Minister of Greece becomes an ambassador of the new position about the Cyprus question and this cannot but be taken seriously internationally and more especially among his own circle.

Livas: Has there been any progress on the Missing Persons issue?

Rolandis: Not very much, unfortunately. You know there is an Investigatory Committee here in Cyprus which cannot operate because there is no agreement on procedural matters. What we are aiming at is an effective method of investigating. If it appears that the other side does not want this, if they would just like to touch upon these matters, then close the files, we cannot cooperate.

Livas: Are there foreigners on the Investigatory Committee?

Rolandis: It's a three-member committee: one foreigner appointed by the Secretary General from the ranks of the Red Cross, one Greek-Cypriot and one Turkish-Cypriot. Unfortunately, although we spent twelve months on this committee, we could not reach an agreement. The third member made some suggestions as from the 22nd of November on procedural rules. We accepted them, but they were rejected by the Turks. We made some objective proposals, which were rejected again.

Livas: What do you think is needed?

Lyssaridis: To implement the U.N. resolutions. I also think it's degrading for human beings not to take a real interest in the agony of 2,000 families, who don't know

if their people are alive or dead. Death is bad, but at least it's a final solution and you can live with it and accept it with sorrow. But to know what the Turkish prisons are and not to be sure if your relative is there, isolated, is, in my opinion, a torture no human being should want for another human being. That's why I believe international public opinion should show more concern and put more pressure on Turkey to give information. If the missing are dead, let them say so, so the relatives will not be in this agony. If they are alive, there is no excuse for Turkey to keep prisoners of war, or civilians who were just in the war zone, under detention.

Livas: You must be aware of the eighty Greek soldiers who are also missing. There is a committee of their relatives in Greece, but they are simple people and haven't mobilized themselves, as they don't know how to go about it. Do you think they should cooperate with the Greek-Cypriot Committee for Missing Persons?

Lyssaridis: Yes. This is a humanitarian problem and there should be complete cooperation.

Livas: Mr. Denktash [leader of the Turkish-Cypriots] has a certain support in the Arab world. Are the Greek-Cypriots trying to circumvent that in any way?

Lyssaridis: I don't believe he has any substantial support on the political level. The vast majority of the Arab world understand that if we were to accept that occupation creates rights, then that would jeopardize their own national interest and their own cause. They also know that if the problem of Cyprus exists, it exists because of our proximity to Arab oil and the Suez Canal, not because of our limited resources. So it would be a suicidal policy for the Arabs not to understand that it would be absolutely compatible to their national interest to have an independent and demilitarized Cyprus. But I believe the vast majority of Arabs do support the Cyprus question.

Rolandis: We make certain efforts at Islamic Conferences to have support from those Islamic countries which support us politically. I must say that there has been quite a lot of understanding from Islamic countries, even though they have a certain relationship with Mr. Denktash because of religion. But in Islamic fora we have managed to get our position heard through the countries prepared to support us. And Mr. Denktash never managed to get where he wanted — for example, to be called President of the Turkish Federated State of Cyprus. He never managed to do that. He just managed to be there as an observer, as a leader of the Turkish-Cypriots, despite frantic efforts on his part to appear as something else.

Livas: Who are your best friends in the Arab world?

Rolandis: I wouldn't want to differentiate among our friends. But I can give you some examples of countries which support us. Algeria is one, Syria, Lebanon. We have very good relations with Iraq, Libya — especially trade relations and other relations. This does not mean that all are always in a position to give us full support. But we have very good relations with these countries and we also maintain very good relations with the Gulf countries. My list has not been exhaustive because there are other Islamic and Arab countries that support us as well.

Livas: Do they support you economically?

Rolandis: Well, in the Gulf States we have prodigious economic interests in the form of contracts. Many Cypriots are employed in the Arab countries.

Livas: I was talking about gifts — not contracts, not trade.

Rolandis: We have transfer of funds. If you have 3000 Cypriots working in Saudi Arabia, all these people transfer funds to Cyprus. This inflow of foreign exchange is extremely important for our economy.

Livas: Does any government support you economically?

Rolandis: Well, we have loans. Like the Kuwait Fund, for example, which has financed the Nicosia-Limassol road.

Livas: Loans imply that somewhere along the line you're going to have to give the money back.

Rolandis: Still, that's support. Especially when they're soft loans with very low interest. That means you're getting a benefit beyond the availability of the funds themselves. But not the way you mention — grants, you mean — no, as far as I know.

Livas: What kind of help do you think the Greek-Cypriots can expect from Moscow?

Lyssaridis: Apart from the political help of supporting the United Nations resolutions — but that's what we expect not only from the Soviet Union but from all the countries of the world — we expect them to limit their relations with Turkey on all levels. But that is something we address to all countries also.

Rolandis: In case we have an international conference I hope that there they will support us as well. Whenever we have tried to do anything in the international sphere, we have had Soviet support.

Livas: It's within the realm of possibility that the Turks declare an independent state in Cyprus. What would be the reaction of the Greek-Cypriot government?

Rolandis: We have studied the problem exhaustively. I cannot divulge the action we propose to take, but certainly internationally we shall do a lot. I cannot say they

will be practically effective. You have seen the case of the Golan Heights. You can have resolutions, but that does not mean others will respect them. But we shall try all possible ways. We have studied the problem in detail, but I only hope it will not happen as it would confound even more an already difficult problem.

Lyssaridis: I believe this would be an impossibility because it would be a boomerang if they declare an independent state and then find no countries to recognize it. But if they do it, our reaction should be to persuade every country in the world not to accept, not to recognize, to isolate such a policy, to explain to them what repercussions such an issue might have in the interstate code of behavior, and thus make it abortive.

Haris Livas, who regularly interviews political figures for The Athenian, traveled with Prime Minister Papandreou to Cyprus in March.

JORGENSEN URGED BY SOME IN PARTY TO CALL ELECTION IN FALL

Copenhagen BERLINGSKE TIDENDE in Danish 16 Apr 82 p 1

[Article by Lisbeth Knudsen]

[Text] The prime minister's consultations with a number of leading ministers and union movement contacts at this time will determine government tactics in the coming month--tactics that will be decisive for the continued existence of the government.

The government is getting bogged down in Folketing on the solution of the three major problems--gaining passage of the March package with the employment proposals it contains, solving the problems of agriculture and finding ways to get enough money to pay for the two initiatives. The cooperating partners the government selected itself--the Radical Liberals and SF [Socialist People's Party]--are increasingly demanding coordination of the solution for the three problems, while the government is making a great effort to separate them in order to make use of shifting majorities to get them passed. There are also a number of unsolved energy policy problems.

The first debate on the March package containing the employment bill which was conducted in Folketing yesterday did not reveal any fixed majority. The Finance Committee has halted debate on the appropriation requests that are part of the March package and yesterday the Salaries Council refused to discuss the establishment of the many new jobs in connection with the package.

A solution to agricultural problems has in reality been abandoned by the government. A move can be expected shortly on a form of compromise arrangement involving 1 billion kroner in state subsidies as a step along the way, but this does not satisfy the government's cooperative partners or the non-socialist parties.

According to the government, the March package and the agricultural solution would be financed through tax increases of 1 billion kroner and a tax on the interest income of tax-free institutions. SF and the Radicals cannot agree to support both moves and LO [Danish Federation of Trade Unions] has flatly rejected the tax increases.

During the internal government deliberations, the prime minister has held the view that the government should resign without calling an election at the end of May if the March package does not go through--and if a reasonable solution to the other problems has not been found. But at this time several government members are trying to convince the prime minister that the government should postpone some of the problems and call an election for the fall instead if a viable cooperation cannot be set up with SF and the Radical Liberals.

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STUDY EXAMINES PARTIES' ABILITY TO ATTRACT VOTER GROUPS

Copenhagen BERLINGSKE TIDENDE in Danish 13 Apr 82 p 5

[Article by Asger Schultz]

[Text] There are important differences in the ability of the political parties to attract political interest groups, that is to say large groups of voters presumed to have a general and strong politically motivated community of interests.

This is a simple consequence of the historical development that created the political parties, but it has also led to more new interest groups without the same historical background which can be grouped with certain parties.

Since parties--but not necessarily each party--have to appeal to all of them, the political struggle can easily acquire a tinge of opportunism, which simply indicates that society has become complex in relation to historic and traditional party formation.

The Gallup Institute selected a number of political interest groups and looked into whether the political parties differ in their ability to attract the voters in these interest groups.

A representative cross-section of the adult population, 1000 respondents, were asked the following question:

"I will now list a number of groups of people for you and I will ask you for each group which political party you feel does the most for that particular group of people."

Since the parties differ widely in size, this factor could affect the picture and in the following table the percentage of a party's voters who feel their own party is the one most interested in doing something for that particular interest group is the only thing shown. And the table does not include the smallest parties, since for statistical reasons the material available for them is insufficient for reliability.

Here are the results:

<u>Interest Groups</u>	<u>Political Parties</u>							
	<u>A.</u>	<u>B.</u>	<u>C.</u>	<u>D.</u>	<u>E.</u>	<u>F.</u>	<u>G.</u>	<u>H.</u>
Social security recipients	74%	8%	19%	22%	12%	9%	2%	17%
Young people	48	15	13	44	7	13	50	--
Women	30	11	12	37	3	7	32	4
Small homeowners	17	14	30	1	71	8	--	6
Self-employed people	9	20	71	--	8	33	--	35
Public employees	55	3	11	7	1	5	--	3
Motorists	12	3	14	--	47	4	3	4
Working class	73	5	2	53	4	10	39	--
Handicapped people	51	5	6	17	7	8	14	--
Unemployed people	59	6	6	27	5	8	24	4
People seeking training and education	42	11	9	31	6	10	67	--
Children	37	11	8	34	7	8	34	--
Affluent people	6	8	49	--	3	5	--	4

Key:

- | | |
|-----------------------------|---------------------|
| A. Social Democrats | E. Center-Democrats |
| B. Radical Liberals | F. Liberals |
| C. Conservatives | G. Left-Socialists |
| D. Socialist People's Party | H. Progressives |

The table should be read as showing that 74 percent of Social Democratic voters believe that the Social Democrats do the most for people on social security while only 8 percent of the Radical Liberal voters think the Radical Liberal Party does the most for this group, etc., etc.

Staying with the social security recipients, regarded by many as an outstanding "campaign promise" group, we see that to a large extent this interest group falls into the Social Democratic political image. To a much larger extent than voters for other parties, this party's voters identify with the interests of this group.

Youth, the cause and problems of young people, is of course a broad concept with many aspects, but even so we find that this population group feels especially close to the left-wing parties, including the Social Democrats, with the three parties listed having a generally equal attraction.

Women are another broad group and as in the case of young people, the three left-wing parties also have a strong appeal for this group although it is not as strong as the appeal felt by young people.

Small homeowners have more narrowly-defined interests but they are a large interest group and it is clear that the Center-Democrats appeal strongly to this group, just as much as the Social Democrats appeal to those receiving social security.

The self-employed group feels especially strong ties with the Conservative Party and to a lesser extent with the Liberal and Progressive parties. Incidentally, this is the only interest group to which the Progressive Party really appeals.

The Social Democrats practically have a monopoly on the growing group of public employees and much the same is true of the Center-Democrats and the motorist group.

The historic and broad class-struggle phenomenon of the working class is associated primarily with the Social Democrats and only to a somewhat lesser extent with the other left-wing parties, with the Left-Socialists ranking lowest with 39 percent compared to 73 percent for the Social Democrats, which may come as a surprise.

The fact that the Social Democratic Party stands as the defender of the welfare state is apparent from the expectations expressed of it by a group of people with a pronounced need for social solidarity, the handicapped. It is hardly surprising that a Social Democratic government is presumed to pay special attention to the problems of the unemployed, but it may seem striking that the two other left-wing parties do not make a stronger appeal to this group.

The Left-Socialists make the strongest appeal to the group of those seeking training and education, a group largely composed of young people who have a specific interest in education, an area where the Left-Socialists make a particularly strong appeal.

Children and the problems and aspects associated with having children are an important element in the political picture people have of left-wing parties and in this regard they are equally strong.

Finally there is the interest group composed of the affluent. No one will acknowledge them except for the Conservatives. This is obviously a population group everyone is down on except for the Conservatives. Being affluent, which is not the same linguistically as being rich, is still not politically acceptable and it is striking that a party like the Progressive Party which is erroneously believed to stand far to the right does not acknowledge a mandate for the interests of the affluent either.

People often talk about the profile of political parties or their lack of same which is supposed to make it hard for voters to differentiate among the parties.

But in fact the voters are able to differentiate among the parties, at least from the point of view of interest groups, as shown by the examples in this study.

It is quite a different matter that the whole thing is not as simple as it might seem. For one thing there are many other factors besides those listed that influence the choice of voters and for another an individual voter may belong to several interest groups.

For example, a voter may be a woman, live in a small house, have children, be a public employee and perhaps be well-off and it can be quite difficult to discern the final result of these cross influences.

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CSO: 3106/99

PARTIES STRONGLY DIVIDED ON GOVERNMENT'S PROGRAMS

Copenhagen BERLINGSKE TIDENDE in Danish 16 Apr 82 p 6

[Text] The government and the Conservative Party strongly disagree on the parliamentary, e.g. the practical, possibility that the so-called "March package," the government's overall plan to combat youthful unemployment, can be implemented.

Labor Minister Svend Auken is full of confidence. He thinks the parties in Folketing, who discussed the plan extensively yesterday, are positively inclined toward further talks.

Conservative chairman Poul Schluter, who stepped into the debate late in the day, thinks on the other hand that he can detect the lack of a firm parliamentary majority behind implementation of the March package.

In general, Folketing adopted a wait-and-see attitude toward the five bills making up the March package, but there were considerable variations with respect to individual proposals. When SF [Socialist People's Party] declared that it could not vote for a bill on apprentice and trainee openings (a bill that had broad nonsocialist support, incidentally), Poul Schluter concluded that the government did not have a firm majority supporting the March package, and the government has said it would stake its existence on getting the package passed. Therefore the government should enter into serious talks with other parties besides the Radical Liberals and SF.

Labor Minister Svend Auken replied that it was true that the government's support was a little shaky once in a while. But the important thing was not the government's parliamentary situation but simply making an effort to combat unemployment.

Gert Petersen (SF) thought it was strange that in the first debate on the government bills, Poul Schluter thought he could predict their fate. Social Democratic group chairman Ritt Bjerregaard said something similar. She thought the debate on the government bills had shown a broad positive attitude concerning them.

Job Mobility

Most of the debate yesterday, however, was undramatic and characterized by caution. It was obvious though that a majority had little faith in the great benefits that would result from the labor minister's new bill on creating jobs, the most important part of the March package. There was widespread distrust of the proposal among the nonsocialist parties, but SF and VS [Left-Socialist Party] also made criticisms although they acknowledged the principle of the proposal. However, no one rejected the government's proposal and willingness was expressed to enter into realistic committee negotiations.

In the words of CD [Center-Democrat] spokesperson Mimi Stilling Jakobsen, the nonsocialist parties were worried that the plan is more likely to lead to job mobility than to job creation. The primary thing should be an economic policy that would take care of employment on a more long-term basis. Thus a selective labor market policy would be merely supplementary, according to Grethe Fenger Molle (Conservative).

The bill calls for the state to provide direct subsidies for newly-created jobs that can be filled by unemployed people over the age of 18. The subsidy would equal 70 percent of the highest daily benefit rate, but 80 percent of the rate for young people under 25. It also calls for giving municipalities and other public authorities an opportunity to start up production intended for marketing.

Future Production

There were also many doubts on this point. People rejected the idea that private production should be shifted over to municipal production. "This would be a clear break with fundamental principles in the division of work between the public and private sectors," said Uffe Ellemann-Jensen (Liberal). "We will not go along with a gradual socialization of Danish business life using the employment crisis as an excuse!"

Lone Dybkjaer (Radical Liberal) said she was willing to work on the bill in committee but added that she was definitely critical of a number of points.

In connection with the program to create jobs, the labor minister has proposed improvements in the job offer program. The bill provides an opportunity to give up to 2 months of instruction during the job offer period and an increase in the subsidy is recommended.

There was general interest in discussing the matter in more detail, since people found it worthwhile to give the unemployed an opportunity to get a better education. But they wanted to know more about whether the capacity of the existing educational system would be adequate for this.

In the opinion of the government, some of the expenses of the employment measures should be paid for by the counties and municipalities which would

double their mandatory payments for combating youthful unemployment. Most parties had strong reservations about placing a greater burden on the municipalities that might lead to an increase of close to 1 percent in municipal taxes. Internal Affairs Minister Henning Rasmussen pointed out in this context that the proposal has the approval of municipal organizations and that the general development along with the March package (but not the March package alone) would probably lead to a tax increase of perhaps 0.8-0.9 percent.

As part of the March package, Education Minister Dorte Bennedsen proposed that municipalities be required to offer young people guidance on educational and employment opportunities. The parties were generally positive about this.

Finally, the education minister--following agreements with the major labor market organizations--proposed steps to increase the number of apprenticeship and trainee openings. Most parties felt positively about this too.

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PAPER CONCERNED OVER GOVERNMENT'S DELAY IN SUBMITTING BILLS

Copenhagen BERLINGSKE TIDENDE in Danish 15 Apr 82 p 8

[Editorial]

[Text] Since the government was formed, over 100 days ago now, the political pot has boiled more slowly than the government wanted it to and more slowly than is good for the nation. A slender minority government can justify its existence if it is willing to act and act boldly. So far the government has not acquired this kind of justification for itself. Not because it did not want to justify itself but because it has been placed in a position which blocks any attempt to move quickly. There have been efforts made in several quarters to take stock after the first 100 days. But the government has not taken part in any kind of anniversary celebration. For there is nothing to celebrate.

On a number of occasions the prime minister has made it clear that during the current session of Folketing the government wants to implement, on the one hand, an expensive program to fight unemployment, especially among young people, and, on the other hand, a number of revenue-producing measures that will finance the new employment initiatives, among other things. The fact is that whether we are talking about the so-called March package or other government initiatives involving big new public spending measures, it will be necessary for the government to establish a total funding base for 1982 and a general outline of the funding possibilities for 1983.

Even though the political pot is still simmering slowly, the time is fast approaching when an estimate must be made of the prospects of winning a Folketing majority that will yield to financial necessity and at the same time accept the political objectives of the government. As we all know, the existence of the government depends on the fact that the Radical Liberals and SF [Socialist People's Party] preferred a Social Democratic minority government to any other government alternative. Before this session of Folketing comes to an end we will see if the two midwives will assume a more long-term responsibility.

All through the spring a pantomime has been played out between the Social Democrats and the two parties closest to it that could have been called,

"Keep Away." But the pot is boiling and the government must choose whether to serve dinner or let it burn. The prime minister has indicated that the decisive phase will not begin before early June and the obvious intention is to force Folketing into a compromise negotiation just before the end of the session. But it is quite obvious to the government, to the parties closest to it and to the other parties in Folketing that in the next few days and weeks the government must make its real choice. At the moment it is held in check between SF and the Radical Liberals. Therefore it has only two real choices--either it can drop SF and create a new majority or it can give up. For the sake of the nation the real choice should have immediate consequences. It is in the interests of no one to postpone the final assessment until the last day of the Folketing session.

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CSO: 3106/99

SCHMIDT COMMENTS ON HAMBURG, HESSE ELECTIONS, SPD DISUNITY

Munich SUEDEUTSCHE ZEITUNG in German 26 Mar 82 p 6

[Article by mes: "Schmidt: Keep Hamburg and Hesse"]

[Text] Bonn, 25 March--When the voters cast their ballots during the upcoming Landtag elections in Hamburg and Hesse, the outcome will express voter sentiments on FRG policies to a much greater degree than was the case during the election in Lower Saxony. It is quite evident, because Chancellor Helmut Schmidt is determined to throw his entire political and personal weight in the balance of the controversy. On Thursday the chancellor had the speech published which--as was reported earlier--he presented last Tuesday to the SPD Bundestag parliamentary group.

Schmidt's determination to get personally involved and attempt to influence the upcoming elections in his party's favor, stems from the conviction that 1982 will be a crucial year for the continuation of his government. When addressing the parliamentary group, he said: "If we make it this year in Hamburg and Hesse, 1983 will be a difficult year for those who want to unseat us." Another statement from the same speech: "We must keep Hamburg and Hesse!" To attain these goals, however, it is necessary for the SPD to project a party which is essentially and also in its daily manifestations a "united" party.

In his remarks about the condition of the SPD after Lower Saxony, Schmidt quoted statements made by colleagues of his parliamentary group. No, I do not believe that the parliamentary group in the Bundestag should feel particularly guilty. Perhaps the federal government is somewhat more responsible, agreed! The parliamentary group is least to blame, except for a few individuals who prove the rule. The entire party is probably taking a beating primarily because of its image." He has been asked to continue. "I am certainly willing." Schmidt said. But everybody should know that one "cannot change to a different policy and keep the same person in the driver's seat." Of course, the federal government will also have to think about a number of points, the chancellor said, to find out "whether and where it could do better in the future."

Schmidt pointed out three areas where the disunity within the SPD was especially noticeable: security policy, the principal relationship with the United States and energy policy. He warned his party of distancing itself from the United States. "Whoever wants equal distance from the two superpowers may have his

reasons, either in his head or in his soul or in his heart, but, please, he should take into consideration that his view is far removed from any possible majority opinion within the German people." Opinion polls have shown that even within the SPD there is agreement with the FRG alliance policy.

Consequently, even someone who feels that this alliance policy is wrong should know "that he isolates himself and his party if he expresses his opinion publicly."

In Schmidt's view there is no other choice for the SPD when it comes to a coalition partner but the Free Democrats. On the other hand, in spite of its small size the FDP has much more room for action. It must be honored as a fact. "It does little good to reproach the coalition partner with moralizing statements. He is in better circumstances.

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CSO: 3103/394

LOWER SAXONY GREENS' DELEGATE ON GOALS, FUTURE POLICY

Duesseldorf HANDELSBLATT in German 26, 27 Mar 82 p 4

[Article by Klaus von der Brelie: "The 'Greens' Do Not Want to Be 'Terrorists'"]

[Text] Hannover, Thursday, 25 Mar 82--"Before the election I was afraid that we might not make it into the Landtag at all. Now my fear is even greater, because I do not know whether we will be able to fulfill the expectations that were placed in us," Martin Mambaur says. Being the leading candidate of the "Greens," he was elected to Lower Saxony's Landtag on Sunday.

To be sure, the 43-year-old community college instructor, who comes from the vicinity of Gorleben, is emphasizing again and again--and he is undoubtedly right--that the "Greens" in Lower Saxony are not "left-wing terrorists," but he also stresses his intention to carry out the "green" policy first of all in the streets, in public and only then in Parliament.

Anyway, the "Greens" had decided to pursue their goals also on the parliamentary level, they did not want to be only extra-parliamentary opposition. Nevertheless, the determined nuclear-power opponent--he is one of the founders of the antinuclear movement in Wendland--is by no means unaware of the opportunities for the "Greens" to influence the Landtag of Lower Saxony: "There is no need for the other three parliamentary groups to fear our entry. One should not be afraid of 11 delegates."

Nevertheless, he also makes clear that "we will not be undercut." It is not appropriate for the Landtag to change its procedures to remove from the "Greens" and also the liberals the right to appoint the vice-president of the Landtag. On Sunday the 11 new parliamentarians want to meet for the first time as a parliamentary group and develop a concept for their work. Mambaur, who has stated again and again that he feels obligated and responsible to the "green" grass roots, certainly recognizes the problems that accompany an imperative Mandate. "I am sure, there will be conflicts and frustrations," he says, "but none of us has the ambition to run again 4 years from now. Consequently we can go about our work impudently and recklessly."

In the fall of 1981 the "Greens" in Lower Saxony still told their future delegates during an assembly of Land delegates that they should exercise the

mandate only for 2 years and subsequently make room in the Landtag for the next person on the Land list. In the meantime Mombaur and his friends in the party leadership realized that the continuity of the political work would be better served by remaining in Parliament for the full 4 years.

"But we are not the ones who will make the decision," Mombaur says, "it is quite possible that we will be replaced by the assembly of delegates."

As Landtag delegates the "Greens" do not want to be different from the rest of the citizens in Lower Saxony. They are therefore determined to retain for their personal use only DM 1,800 as well as a supplement of DM 450 per child out of their allowance--DM 8,250 per month. The remainder is destined for the coffers of the parliamentary group and the so-called ecology fund. This budget, which is essentially influenced by citizens initiatives, is used to support alternative projects, such as the construction of bio-gas facilities or experiments in thermoelectric-couple projects.

Mombaur is not very specific about future policies of the "Greens" in Parliament. He repeats the election campaign demands and mentions the renunciation of nuclear energy, the fight against environmental pollution by big industries, opposition to rearmament and counterarming as well as the "uncovering of immorality" in political reality.

"We are not the ones who want to change the system," Mombaur says, "but many entrepreneurs who go after profits at any price and who are producing unemployment in the process and wasting energy. The social market economy has reached the stage of absurdity not because of the "Greens" but because of industry. Every day there is new evidence that our system is sick."

Mombaur does not say how and with what means the "Greens" want to heal the system. He only says that he wants to do what he can to bring about the victory of reason and morality, that the "green" policy is not at all hostile to the workplace. He wants to assist, above all, the middle-class economy.

When Mombaur talks about employment, he knows what he is talking about. To be sure, the official documents of the Land campaign manager show that the "green" parliamentary group consists of nine teachers, a housewife and a boat builder; a closer look, however, reveals that one of the pedagogues and the boat builder are currently unemployed.

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BAVARIAN INTERIOR MINISTER TANDLER ON BND SCANDAL

Zurich DIE WELTWOCHEN in German 10 Mar 82 p 5

[Interview with Gerold Tandler, Bavarian interior minister, by Peter Hartmeier: "Clarification of the Events"]

[Text] The astonishment was great when it came out last week that the highest state security man in Bavaria had told a leftist illustrated magazine, of all publications, about his experience and observations as an agent of the Federal Intelligence Service [BND]. His motive is still obscure. The ex-agent has been suspended from his duties.

The entire incident sounds like a cheap story--and perhaps the only one who will be happy is the new chief editor of the leftist magazine KONKRET, which made big headlines: In his very first issue, Manfred Bissinger (once with STERN, later speaker of the Hamburg senate, in both careers dismissed after payoffs in the millions) published alleged secret intelligence scandals. The German public took just as much interest in the man who told it all as in the sensational information: These were not the words of a shady, defected agent but of the head of the Bavarian State Security Service, Dr Hans Langemann personally.

He was promptly given a leave of absence, although he denies having turned over the information in this form. Also, there are already rumors that the tapes on which Langemann dictated his reports were stolen, which the publishers of KONKRET for their part deny: Negotiations about publication--of highly sensitive manuscripts--are said to have been conducted during an almost adventure-like encounter at the Nobel-Hotel Bayerischer Hof in Munich. Langemann, who was active as an intelligence agent from 1957 to 1970 under the name Dr Lueckrath in Pullach near Munich, today describes himself in the telephone directory as "embassy counselor, inactive." Since 1970 he has been employed by the Bavarian state government.

According to Langemann, not only had the Federal Intelligence Service established its own network of spies in Vietnam but had, for example, placed an influence agent with former President Nixon in 1969. In cooperation with CIA director Helms, material regarding ex-Chancellor Kiesinger's activities during the Nazi era is said to have been removed. Cardinal Koenig of Vienna, who is the main figure in the Catholic Church for Ostpolitik, is said to have

been spied on; finally, after the SPIEGEL incident, in the course of which Franz Josef Strauss had to renounce his position as defense minister, Langemann himself is said to have appropriated those documents which would prove that the news magazine had been given advance notice by the BND of the imminent action.

The Bavarian opposition is now asking itself primarily how such a man could have been chosen for this high office, and there are murmurs that Strauss personally interceded for him--against the interior minister at that time, Bruno Merk.

But no one knows what actually moved this man to go public with his information. Bissinger's guess: "A need to assert himself and vanity."

And what is the opinion of CSU politician Gerold Tandler, interior minister in Munich?

[Question] Mr Minister, are there indications of the motives for why the head of the state security division decided to disclose political secrets, some of which date far back but are nevertheless explosive? According to information by publisher Ferenczy, he even wanted to publish a book about it 2 years ago. Is this exploitation of human weaknesses or the result of a political intrigue?

[Answer] I can't tell you that. Dr Langemann denies that the documents which have been made public come from his hand and that the version which was published in KONKRET is identical to the one he wrote.

'There Is Nothing to Know About Strauss That Isn't Already Public Knowledge'

[Question] Is there an answer to the question as to whether Eastern intelligence services played a role?

[Answer] It can't be ruled out, but it can neither be confirmed nor denied.

[Question] How do you, as Bavarian minister of the interior, evaluate the substance of Dr Langemann's statements?

[Answer] I can scarcely confirm or deny anything in this connection, because the events described took place during Dr Langemann's employment with the Federal Intelligence Service (BND). And I'm not responsible for that. And I also don't know what kind of events took place.

[Question] Based on the biography of Dr Langemann, can you describe how this man actually obtained this position, who is said to--I quote--"have a crazy urge to assert himself"--at least according to reports in SPIEGEL?

[Answer] I don't know. SPIEGEL knows certain things better than others.... It is a fact that during the time Dr Langemann was at BND he was evaluated six times, each time he got a "very good." In the early days that was the second highest grade; in the last three evaluations each time he got the

highest grade possible for a BND employee to receive. Then in 1970 he was employed in the Bavarian civil service--in connection with preparations for the Olympic Games; then he was an employee of the Cultural Ministry, and after the games were over and his immediate tasks had ended he was assigned to the Ministry of Interior.

[Question] Is it correct that Minister-President Strauss pushed for Dr Langemann to get his position?

[Answer] No, that isn't correct. Strauss, who was minister-president at the time, had absolutely nothing to do with the hiring of Dr Langemann and the Interior Ministry or the Cultural Ministry or in Bavarian civil service at all.

[Question] In speaking with influential CSU politicians today, they often say that they have--I quote--"long had their doubts about Langemann." Are these simply reactions?

[Answer] I don't know who said that, but it isn't unusual in such cases to be wiser than others after the fact.

'We Have Done What Can Be Done in Order to Arrive at an Optimal Clarification'

[Question] So you wouldn't agree with the suspicion that Dr Langemann enjoyed obscure behind-the-scenes protection?

[Answer] Since Dr Langemann was certainly one of the most qualified employees of the BND at that time, that is pure invention.

[Question] Is the information correct that Dr Langemann even wanted to found a secret service for Bavaria itself?

[Answer] I don't know anything about that.

[Question] Could the publication have been triggered by an internal political agreement which Franz Josef Strauss is said to have made because Dr Langemann knows too much about the Bavarian minister-president?

[Answer] There is nothing to know about the Bavarian minister-president that isn't already public knowledge.

[Question] Is this affair connected with haggling over authority and difficulties in separating the security powers of the states, for example those of the free state and the Federal Intelligence Service?

[Answer] This is the kind of idea that can only originate from a highly developed imagination.

[Question] What will you now do as minister of the interior? What measures will you take and what will you attempt?

[Answer] That which can be done by our side has already been done. Once more I must say that this involves things which concern Dr Langemann's time of employment with the BND, and the BND is not a Bavarian organization. At this time Dr Langemann has been suspended from his position and from all duties at the Interior Ministry; simultaneously, disciplinary proceedings have been initiated against him, and the public prosecutor's office is now in charge of the proceedings. We on our side have done what can be done, in order to arrive at an optimal clarification of the events.

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CP'S TWO ORGANS VIEW SAARINEN'S PARTING; GROUP'S EXPULSION CONTINUES

Moderate Organ Praises Saarinen

Helsinki KANSAN UUTISET in Finnish 25 Mar 82 p 2

[Editorial: "Saarinen's Announcement"]

[Text] Finnish Communist Party chairman Aarne Saarinen announced again yesterday that he will not stay on as party chairman after the special party congress to be held in mid-May. The announcement is to be considered final.

For over 15 years Finns have gotten used to regarding Aarne Saarinen as a reliable proletarian party leader, an individual thinker, who stands on the firm ground of facts. Many party and SKDL [Finnish People's Democratic League] members had hoped he would still stay on. He has, however, sound reasons for his announcement: Behind him is a long, difficult term as chairman, he is now due for a pension and the party's internal problems continue to be difficult ones. Everyone is satisfied with Saarinen's announcement.

This also means that the party's essential leadership functions must be assumed by the special congress. The Central Committee guessed this would be the case as early as it decided to call the special congress. The election of Central Committee members is also on the agenda.

Preparations for the special congress are difficult. While a growing desire for unity is clearly noticeable among members, this aspiration does not extend to all party levels, nor to the Central Committee either.

At any rate, the big job of the special congress is to eliminate the factional division that has shown itself to be destructive, elect party leaders who are capable of acting and cooperating and go on seeking solutions so that the party's basic factions stay together.

Getting these big jobs done will require serious consideration and exclusive reliance on party interests by all party organs, above all by the special congress delegations.

Stalinist Organ Hits 'Compromise,' Aalto

Helsinki TIEDONANTAJA in Finnish 25 Mar 62 p 3

[Editorial: "Saarinen Resigns"]

[Text] SKP [Finnish Communist Party] chairman Aarne Saarinen has announced that he will resign from his duties as chairman. Saarinen has spoken of the matter before, but it was not taken seriously because he has been in the habit of making different statements about the same thing. Now, however, there is probably reason to believe Saarinen's words. Apparently, he is going to resign. And so the fight over the SKP chairman's seat is gathering momentum. It has indeed thus far for years been the object of interest from several quarters.

The SKP is a unique party. It differs from all the other parties in that it strives to eliminate the capitalist system, based on exploitation and the subordination of people, and to erect a socialist system. The SKP is a working class, Marxist-Leninist party.

Over the past few years, this party's image has become tarnished. Chairman Saarinen has had to perform his duties during a thankless period. While before him the consistent advancement of the SKP and the establishment and strengthening of political stands was noticeable, for 16 years now just the opposite has been the case. Over 20 years ago in chairman Aimo Aaltonen's time, the party managed to stand firm especially well. Now, during Saarinen's term as chairman, the party has had to abandon one stand after another. So it is understandable that Saarinen feels his job has become difficult and burdensome.

Nor can we reproach him his decision against this background. What will happen now is another matter. As we know, within the party there are factions alien to party principles. For example, Politburo member Arvo Kemppainen has displayed positions radically opposed to socialism with regard to both the concept and reality of socialism. First secretary Arvo Aalto offers his historical compromise in lieu of party ideals.

Kemppainen's views are pervading the party leadership in different ways. If Kemppainen should not be seated in Saarinen's chair, this anti-SKP tendency may under the circumstances still be strengthened otherwise. Personal decisions will undoubtedly be formulated along these lines. The worst thing about Saarinen's resignation statement is that it will unleash political passions against the party, and no one can guarantee what the consequences will be.

SKP members now have a particular reason for being watchful. Those positions which party members have gained while operating in accordance with the party's main line and while defending it courageously must be protected all the more carefully. Among others, TIEDONANTAJA is included in these positions.

Abandoning these positions or reacting to them hostilely or indifferently has been the decisive factor in giving rightist opportunism chances to advance.

The party must be gotten out of this spiral. This is a job for its members. Saarinen's resignation must not be allowed to set off a chain reaction that rightist opportunism could turn to its own advantage in personal decisions any more than in any other matters.

Moderate Organ Views Special CP Meet

Helsinki KANSAN UUTISET in Finnish 26 Mar 82 p 2

[Editorial: "Other Topics"]

[Text] The discussion that is preceding the SKP special party congress is acquiring a uniquely broad framework. This is a good thing. A broad discussion can pave the way to better development in the party.

However, a broad discussion also contains features that are foreign to the interests of the party.

At the moment, the party organizations have to discuss a draft of the topics in the party congress proceedings prepared by the committee appointed by the Central Committee, which draft party members and organizations have been asked to comment on.

Yesterday position papers by the party vice chairman and two Politburo members, which it is hard to describe as anything other than competing topics, were issued.

We must ask: Why? Is the object merely to deepen the difference of opinion in the party, shove into the background those positive aspects of development that despite everything have been noticeable?

If so, the fact is damaging to the party.

SKDL's Expulsion of Stalinists Continues

Helsinki HELSINGIN SANOMAT in Finnish 7 Apr 82 p 12

[Article: "Stalinists' Return to SKDL Parliamentary Delegation Deferred"]

[Text] The Stalinists' return to the SKDL parliamentary delegation has been deferred until at least after Parliament's Easter vacation. On Tuesday final decisions were postponed, although signs of agreement were evident among both Stalinists and majority-faction Communists.

The Stalinists indicated their readiness to reach agreement by approving the contents of the [bill] to reduce employers' social security payments, which is somewhat difficult for the SKDL. The bill was passed by the Social Committee and in the course of two joint sessions of discussion.

Discussions in the corridors of Parliament, however, emphasized the fact that, as far as the bill is concerned, only the third discussion, during which it

will be decided to pass or reject the bill, will be decisive. The third and decisive discussion is scheduled to be held on Wednesday, 21 April.

Stalinist Esko-Juhani Tennila indicated that agreement had been reached toward evening of the second discussion by saying that the SKDL minority was ready to serve in the formation of the parliamentary delegation in accordance with the decision.

Before that, however, he said that the minority faction does not feel that the tax relief granted the capitalists is right. At the same time, he alluded to the Stalinists' earlier unity proposal.

Last week the Stalinists proposed that parliamentary delegation decisions be reached collectively and major issues be discussed among members and in SKP and SKDL decision-making bodies.

At a meeting of the SKP Politburo to be held today, Stalinist members of the Politburo will propose that the Central Committee call a special meeting to discuss the reduction of employers' social security payments.

In addition to discussion among members and in the party organs, the Stalinists are demanding that they be included in the parliamentary delegation before the third parliamentary discussion on social security payments.

The Stalinists are not, however, fully unanimous in their unity effort. Stalinist leaders outside of Parliament have sternly reminded the others that a reduction of employers' social security payments is clearly opposed to the decisions of the 19th SKP Party Congress.

Nor did Stalinist Ensio Laine's speech in Parliament seem to favor unity either. He said that the government proposal can be defended on economic grounds but not on social and least of all on moral grounds. "All of these points of view speak against the government proposal," Laine said.

Majority Also Divided

Nor is the Communist majority unanimous either as to under what conditions the Stalinists can return to the parliamentary delegation. SKDL delegation leader Veikko Saarto was really very conciliatory on Tuesday.

According to Saarto, whether the minority faction's return to the parliamentary delegation is approved before or after the third discussion on the bill is not a fundamental issue. Saarto believes that the minority faction's behavior on Tuesday means that the SKDL parliamentary delegation will be united.

There is also a radical wing in the SKDL parliamentary delegation majority in whose opinion the Stalinists will not be taken back into the fold, at least not before they see how that faction behaves in the decisive discussion after the Easter vacation.

Those delegates who back the most radical of all line are of the opinion that there is no point in making any decisions before the special SKP party congress to be held in May.

The Social Committee unanimously passed the disputed reduction of employers' social security payments bill on Tuesday. Thus Stalinist Marjatta Stenius-Kaukonen did not present a differing opinion. Similarly, the bill got through the first and second discussions quickly. There was a break of a couple of hours between discussions during which Parliament vacated the Soviet Embassy because of a Friendship, Cooperation and Mutual Assistance Pact reception.

They intend to reduce employers' pension and social security payments between the beginning of May and the end of 1983. The reduction is aimed at favoring small and medium-sized businesses. The reduction in the payment burden levied on employers' total wages is estimated at from 900 million to 1 billion marks.

The Stalinists were removed from the SKDL parliamentary delegation in December when they voted against delegation decisions. Because of earlier opposition to delegation decisions, the Stalinists have behind them a serious warning and four Stalinists have been periodically removed from the parliamentary delegation.

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PCF CENTRAL COMMITTEE ISSUES POSTELECTION REPORT

Paris L'HUMANITE in French 26 Mar 82 pp 7-9

[Report to the PCF Central Committee by Madeleine Vincent, member of the PCF Politburo; date not specified]

[Text] Comrades,

One out of every two Frenchmen--19 million voters--felt compelled to vote in the cantonal elections of 14 and 21 March.

The results of the first as well as the second round of balloting have been the subject of abundant commentary. The Right naturally pulled out all the stops and presented the elections as a "stinging defeat" and "rout" for the Left that supposedly called into question the people's verdict in 1981. That amounts to assigning to cantonal elections a political importance and significance which, by their very nature, they cannot have.

The fact remains that the results of those elections must not be underestimated. They provide clues concerning developments in the balance of political forces, the obstacles we are encountering, and the possibilities open to us. Now it is up to us to learn from them and to make the appropriate decisions.

Overall Analysis of Cantonal Election Results

1. New Context of These Elections

The balloting of 14 and 21 March marked the first nationwide election since the elections in the spring of 1981.

Last spring's elections--and it is not necessary to explain this at length to the Central Committee--profoundly changed the French political landscape. For the first time in the history of the Fifth Republic, the leftist parties went into the recent elections as members of the majority, while the rightist parties campaigned as opposition groups. The behavior of the various political forces and of their respective voters was altered as a result of these new circumstances.

Traditionally, cantonal elections have always given the opposition an opportunity to mobilize its voters better. Those tempted to cast a vote of defiance or of warning are all the more inclined to do so since no risk is involved--the question of power or political change is not at issue in such an election. That characteristic very obviously worked to our advantage in recent years, when we were in the opposition. I recall, in this respect, that while the Left was always beaten in the big "political" elections before 1981, it was the majority--and very clearly so--in the cantonal elections of 1976 and 1979.

2. Results for the Right

The Right was able to turn that characteristic of cantonal elections to its own advantage. In previous elections of this type, it had taken refuge in being "nonpolitical," but this time it politicized its campaign to the utmost by proclaiming its determination to make the election a "test" against the new policy. As the Politburo reminded us as early as Sunday evening, every group on the right "made unreserved use of all the resources that are always at its disposal--money, the levers of economic power, and its position in the institutions and media"--to carry on an aggressive, noisy, and furious campaign against the change, against the government and the majority, and against our party. And in doing so, it unhesitatingly resorted to the crudest distortions and falsifications concerning the early results of government action, the most alarming rumors concerning future prospects, the odious use of the most minor incident--what it was able to call "scandals"--and even, particularly before the second round of balloting, the exploitation or even organization of financial speculation against the franc.

That agitation enabled the Right to obtain the result it was counting on: a more sizable commitment by the voters that traditionally vote for it. That mobilization can be seen simply by examining the figures on voter participation: 68.4 percent voted in the first round, while in the cantons where a second round was held, participation was 70.2 percent. That is an exceptional turnout for cantonal elections and equals the turnout for last year's legislative elections.

Although not winning a majority, as the Left managed to do in preceding cantonal elections when it was in the opposition, the Right came within an ace of hitting 50 percent in the first round. It progressed only slightly in comparison with the presidential election (+0.6 percent), but was up nearly 7 percent and 1 million voters over its showing in the legislative elections. In total, the Right, which had 880 general councilors up for reelection, came out of the elections with 1,147 general councilors--of whom 738 were elected in the first round--and won eight general council chairmanships.

3. Results for the Left

The same voter mobilization did not occur on the left. A large number of voters who had voted for the Left in 1981 abstained this time. In both the first and the second round, voter participation figures for the workers and the common people were generally very clearly below average. In total, the Left as a whole was up 3 percent over its standing in the presidential election, but on the other hand, it lost 6 percent of the vote in comparison with the legislative elections.

There are undoubtedly several reasons for this failure of commitment--the lower level of mobilization among the Left's voters. But those that played the biggest role can easily be singled out.

In the first place, it seems obvious that the political significance of these cantonal elections was not clearly perceived by some voters on the left. The stakes--electing general councilors, even though they will have greater power as a result of the law on decentralization--seemed to be of little concern to a large number of voters in the working classes.

In the second place, the extent and clear-cut nature of the Left's victory in the 1981 legislative elections undoubtedly, and paradoxically, worked against the Left in these elections. In a number of places, the Left's victory was, so to speak, regarded as a sure thing even before the balloting took place. That complacent view with respect to the expected results also contributed to the lack of mobilization.

Everyone knows, however, that those factors are not enough in themselves to explain the results, at least those in the second round. As Georges Marchais remarked on Sunday evening, "the fact that leftist voters did not respond as we might have expected to our appeal to block the Right's path in the second round proves that there are problems." There is no doubt that economic and social problems, and notably the fact that the effects of the reforms undertaken by the leftist government are not sufficiently perceived in daily life, led to a degree of disenchantment among the Left's voters, who placed so many hopes in the victory of 10 May. Naturally, we must examine all the implications of those findings as far as our future action is concerned. That will be the subject of the second part of this report.

All of those factors, and especially the last mentioned, may explain, on the one hand, the results for the majority--that is, the Socialist Party's setback in terms of 1981 and our party's stabilization close to the results it obtained in 1981--and, on the other hand, the number of seats picked up by the Right.

With 31.6 percent of the votes in the first round, the Socialist Party and the Left Radicals progressed by 3.6 percent in comparison with the presidential election, but lost 5.8 percent in comparison with the legislative elections. While the Socialist Party outdistanced 58 outgoing Communist or Left Radical candidates in the first round, it lost a total of five general councilors and had to yield five chairmanships to the Right. The Left Radicals, for their part, lost 27 general councilors and gave up two chairmanships to the Right. They also took one chairmanship from the Right.

With 16 percent of the votes in the first round, our party's result was close to the result achieved in the legislative elections. It lost 80 general councilors and picked up 35, for a net loss of 45. It lost the chairmanship of the general councils in Essonne and Allier and, of course, Meurthe-et-Moselle, where a leftist majority did not exist; it retained the chairmanship in Seine-Saint-Denis and Val-du-Marne and picked up the chairmanship in Correze.

4. Reasons for Our Party's Results

Naturally, and especially in considering the first round, some members have wondered why our party did not achieve better results than it did in 1981.

In the preparations for our congress and at the 24th congress itself, we discussed at length the reasons for last year's electoral setback and its characteristics. Everyone here will understand that there can be no question of going back over the entire demonstration today.

Just a few reminders of what was said.

Not Due to Special Circumstances

At our congress, we showed that our party's setback in 1981 was far from being accidental or the result of special circumstances. Far from "happening like a clap of thunder in a clear sky," it was instead "the end result of a more lengthy development that began as far back as 1958." And we made it clear that the "trend toward the erosion of our influence" had very deep and fundamental causes--that it was due to the "overall movement of our history in the past few decades, (to) the changes in reality that presented us with totally new questions, and (to) the way in which we responded to them."

In this respect, we showed--and I will merely quote as a reminder from the Central Committee's report to the congress--that "the problems with which we have been and are being confronted are due above all to our party's slowness in defining and proposing a prospect for the march to socialism and a socialism in perfect correspondence with general conditions in a country like ours in the era in which we live--its slowness in giving that policy practical expression in a way that would favor understanding and support for it by all those whom we want and are able to win over to this battle."

It goes without saying that the political consequences of that strategic delay--notably the decline of our electoral positions--are continuing and will continue to make themselves felt during a period whose duration does not depend exclusively on us. Quoting again from the 24th congress, "it would be an illusion to think that the new situation has caused the difficulties we have encountered to disappear as though by a miracle." It would also be an illusion to think that a deep-flowing trend that has been underway for 20 or 25 years can be corrected and reversed in a few months or as the result of a single election campaign. At the 24th congress, we equipped ourselves with the political means allowing us to adopt the recovery of our influence as a realistic objective. But we know that that objective will not be attained overnight: that it is a long-term undertaking.

Added to those basic factors are those that I mentioned just now to explain the drop in mobilization among the Left's voters. They naturally apply to Communist voters as well. We can undoubtedly consider that a feeling of impatience existed, particularly among our voters, concerning the sparse results brought about in daily life by the change.

Fallout From Polish Situation

Lastly, it is an acknowledged fact that the events in Poland, the anticommunist fury to which they have given rise, the extreme caricature of our responsible and humanist position, the carefully maintained confusion between Polish reality and our own political viewpoint, and, more generally, the harm done by the Polish tragedy to the cause of socialism, both as a result of the limitation of freedoms and because of the social and economic obstructions--all of that has undoubtedly counted against us. Let us be clear: if that campaign was able to have an effect on our voters in the first round, it was able to have an even greater vote-shifting effect in the second round, when it was a case of uniting noncommunist leftwing voters around our candidates.

In those conditions, we cannot be satisfied, but we can understand why, in these cantonal elections, our party stayed at the same level as the one it had in the 1981 elections.

The "10-Percent PCF"

A balanced evaluation of our results must also take into account the fact that people who do not wish us well had predicted that our party would suffer a new setback and win only 10 percent of the vote. When our party's secretary general mentioned that fact a few days later, a radio reporter challenged him and, in substance, called him a liar by asserting--and I am quoting him--that not "a single commentator worthy of the name had predicted that the PCF would garner only 10 percent of the vote." To refresh everyone's memory--including that of the least well-intentioned reporters--we did some rapid research. We found that the idea of the "10-percent PCF" had been supported before the first round by LE CANARD ENCHAINE, LA LETTRE DE L'EXPANSION, L'EXPRESS, LE MATIN, LIBERATION, LE QUOTIDIEN DE PARIS, LES NOUVELLES LITTERAIRES, and Radio Europe 1. We do not claim that the list is complete. But in any case, it is sufficient to show that there was indeed a campaign. And that the hopes of those gentlemen were in vain.

5. A Few Remarks

A more detailed examination of the results of the elections of 14 and 21 March calls for several remarks concerning changes that have occurred among the voters.

First, it can be regarded as beyond doubt that in addition to its traditional voters, the Right was strengthened in these elections by voters who had voted for the Right before the legislative elections, but who supported the Socialist candidates in the legislative elections and then, in the cantonal elections, returned to their old voting pattern. Those voting shifts can be seen by simply looking at the figures. The Socialist Party's biggest losses in the first round--from 8 to 13 percent--occurred in regions where the Right is making the most progress and where its voter base is sizable and dates back a long way: in Lorraine, Poitou-Charente, Alsace, and the Loire Country.

Another remark, and this concerns the second round. Withdrawals in favor of the leftist candidates with the most votes took place in good conditions.

Following the meeting between Georges Marchais and Lionel Jospin, there were joint public initiatives by our organizations in a great many cantons.

On examining the figures, one can see that with only a few exceptions, Communist voters responded massively to our request that they all vote for the leftist candidates still in the running.

It can be considered that in general, Socialist voters also shifted to our candidates. We regret, however, that in a number of cases, a low percentage of such voting shifts helped to defeat our candidates and thus deprived the Left of a certain number of elected representatives and even--and this is more serious--of one general council chairmanship.

With respect to those who voted Communist, it is difficult to identify a very clear trend because the results are often contradictory within the same region, the same departement [political subdivision], and even the same canton. It can be noted that in cantons where it had lost in 1981, but where our candidate was an outgoing general councilor or the mayor, and also in other rural or working class districts, the party is making progress. That progress is in some cases spectacular.

Without making the figures say what they do not say--by simply counting up the number of those who voted Communist in the legislative elections after not doing so in the presidential election and the number of those who voted Communist in these cantonal elections although they did not do so in 1981--we can justifiably feel, without exaggerating, that more than 5 million voters voted Communist in at least one of the three elections in 1981 and 1982.

In fact, those results make it clear that our party has had a dependable electorate since 1981: the 4.5 million voters who voted for us in the election most difficult for us: the presidential election. By choosing--despite a campaign of confusion and relentless anticommunism--the high-level solutions proposed by us, they showed a high level of political awareness. It is true that we have not won them over permanently. They do not automatically go to the polls for any election. The fact remains that while discouragement or the impression that change is occurring too slowly to suit them may have induced several hundred thousand of them to abstain in the legislative and cantonal elections, the choice they made on 26 April 1981 continues to show in their awareness and their political behavior. They have not been won over since that date by any other political group. With all the differences we may find among them, they constitute the solid foundation of the Communist electorate.

And along with them, there exists a large number of Communist voters who abstained or voted Socialist in the first round of the presidential election and who then voted Communist again or continued to abstain. Our ambition must be to win them all back as Communist voters. We do not conceal the fact that this will not be done in a day and that it will require many efforts by the party. But serious analysis of voter movements attests to the fact that such an ambition is not only legitimate but realistic.

So despite the extent of the problems to be solved, everything encourages us to go confidently forward in our battle.

Party's Tasks

Going forward means implementing the directives issued by our 24th congress in all their fullness and in all their ramifications.

1. Our Standpoint

What guides us is clear: we want to work to solve the basic problems facing the workers and the country; we want to find a way out of the crisis they are experiencing.

French-Style Socialism

That crisis--and here again, there is no need for me to discuss it at length before the Central Committee--is the crisis of a system: the capitalist system, which in the midst of obstructions and muddles of all kinds is proving increasingly powerless to respond to the requirements of social development in our era. That being so, the problems presenting themselves are of such a nature that they cannot be solved without going beyond the system that created them and is making them worse--without committing oneself to the building of another social structure. In making French-style socialism the standpoint from which we view our struggle, we are therefore not exhibiting voluntarism or idealism. Whether one likes it or not, it is this issue of the socialist transformation of French society which is being raised today by the growth of the social movement--by the nature of the problems encountered. And that issue will continue to be raised, regardless of the ups and downs and vicissitudes of the political battle.

One of the major problems facing our society is unemployment: the harshness of life for millions of people, the exclusion of the vast majority from the benefits made possible by progress in every area, and the strengthening of social inequalities. To solve that problem, we need a society of justice that will guarantee full employment, an interesting job for everyone (and one prepared for by solid vocational training), and the means that will allow people to live as it is possible to live in our era. That is what we call French-style socialism.

One of the major problems being posed concerns the attacks on the national industrial and agricultural potential: it is labor productivity based on the over-exploitation and wearing out of men and women and the country's weakening position in international competition. To solve this problem, we need a new kind of development for our economy--a new growth that will place full value on the national resources, be based on scientific and technological progress and worker qualification, and institute a new social profitability aimed at the satisfaction of human needs. That is what we call French-style socialism.

One of the major problems being posed concerns the lack of rights, freedoms, and means of participation and intervention by the workers--the citizens. To

solve this problem, we need to compel the employers to respect the rights established in the firms, and we need new freedoms at every level of social life. That is what we call French-style socialism.

One of the major problems being posed concerns the confiscation of cultural progress by a minority: it is social segregation in the schools and in training, and it is also the law of the jungle set up as the standard. To solve this problem, we need a new renaissance for culture, training that will guarantee the development of each personality, and human relations based on new forms of solidarity. That is what we call French-style socialism.

Loyal, Active Commitment in Majority and Government

Naturally, we were not content at the 24th congress simply to indicate the outlines of the transformations we are proposing to our people. We redefined the democratic path that we want to follow to reach that goal--the path of struggle against all forms of antichange, the path of majority rallyings by our people, and the path of a loyal and effective union of the left.

It is that strategy which has guided our action since the victory in the spring of 1981. It has led us to make the choices we have made in the government, in the majority, and in the country. On this subject, I recall that we said at the 24th congress: "Today we are taking our place within the government and the majority with this objective: to respond to the country's expectations as expressed in the vote of 10 May. In other words, within the framework of the choice expressed by the French, with all its possibilities and without losing sight of its limits, both as regards the objectives they have established and the influence that they have granted us."

That evaluation retains its full value: we are working to implement change at the rate decided on by our people themselves last spring. We are working at it within a balance of political forces that has not changed since, in a situation of deep crisis for our society, and within an international environment that is not without its repercussions.

It can be seen that our loyal and active commitment within the majority and the government is not dictated to us by considerations of timeliness or tactics. It reflects the implementation of our strategic approach. Not only do we have not the slightest intention of modifying our attitude but, when we examine the work that remains for us to do with our Socialist partners to satisfy the hopes aroused on 10 May, we have, on the contrary, the feeling that our work has just started.

2. Where Are We Now?

Our experience since last spring shows us clearly that this work of renewal is not occurring and will not occur by a linear and jolt-free process free of obstacles and opposition. It is and it will be a difficult task. The Right and the social forces it represents are not willing to let the government and the majority work for change without reacting. If further proof of that is needed, it is provided brilliantly by their attitude during the election campaign we

have just experienced and since then. We are not surprised. As indicated in the resolution by the 24th congress: "The class struggle did not end on 10 May. On the contrary, the thoroughgoing reforms that must now be carried out raise the stakes involved and accentuate the struggle's harshness."

Right Wants To Turn Back

The objective being pursued by the Right is clear. It involves--and the leaders say it openly--not only wiping out and halting the changes underway but also getting rid of everything that has been gained over the past 9 months. Bernard Pons, secretary general of the RPR, did not contradict Georges Marchais when the latter, during a radio debate broadcast between the two rounds of balloting, accused him of wanting to take back from the workers and working class families the social benefits they have won since 10 May, of wanting to abolish the new rights acquired in the firms, and of wanting to denationalize and to revive the capitalist mess. What the Right wants is to turn back or, as they put it, to "put an end to the interval" represented by the experiment with leftist government. It means going back to the same people--Chirac, Giscard, Barre, and Lecanuet--and resuming the same disastrous policy that was pursued for 20 years and the result of which is mass unemployment, 14-percent inflation, industrial and agricultural ruin, regional strangulation, and national neglect.

To achieve their goal--to succeed in challenging the democratic choice expressed by the French in 1981--the forces of antichange are ready for any maneuver. I spoke a while ago of the tactics employed by the Right during the election campaign. It is beyond doubt that along with the employers, it will continue to increase the number of obstacles in an attempt to hamper government action, check the latter's work of renewal, divide the majority in the union of the left, and challenge, when all is said and done, the legitimacy of the government and majority of the left.

It goes without saying that we have not decided to let that happen. As we recalled forcefully on Sunday, "in accordance with the rules of French political life, the presidential and parliamentary majority is continuing its action at the head of the country." We are determined to continue assuming all our responsibilities in order to prevent that old Right, now raising its head, from achieving its goals and to help see to it, by every means at our disposal, that the change continues on the right path and to make it advance in an intelligent, serious, and realistic manner.

Facts of the Current Situation

Where are we now, from that point of view?

Since it was established last June, the leftist government has boosted people's consumption and considerably increased public expenditures aimed at reviving economic activity. The first steps have been taken to reduce inequalities. The workweek has been set at 39 hours with no loss of wages wherever the steadfastness of the workers has checked the employers' attempts to use the text of the decree in a negative way. The planned nationalizations have been carried

out, and they constitute an essential means of taking the progress we have made to date beyond those first achievements.

That policy has brought its very first results. Declining production, which was still the rule at the beginning of 1981, has been halted and a moderate recovery achieved, the growth of unemployment has been slowed considerably, and price rises have been deflected slightly. That improvement is benefiting the firms, by the way, since profits have turned upward again, and some recovery in investment can be glimpsed in a few areas of the private sector.

However--and this is understandable, considering the short time that the new policy has been in effect and the extent of the crisis--major problems have not yet been solved--far from it. Moreover, new difficulties are arising: it is apparent that the recovery is losing some of its steam, the deficits in the external balances are too high, and the franc--as I mentioned earlier--has been threatened again.

Those difficulties have mainly internal causes--the same ones that are at the root of the crisis whose nature is above all national. But added to that at the moment are external causes: dominant powers, such as the United States and even the FRG, are trying to export their problems and to "eat up" the benefits of our own recovery, monetary speculation is being resumed, and all of that is hampering our capacity for growth, which we must succeed in restoring and strengthening.

Those are the facts of the current situation: measures whose beneficial consequences can already be felt, others whose effects cannot yet be seen, and lastly, real difficulties and constraints which it would be foolish to deny and which mean that choices must be made.

Meaning of Our Political Approach

What we have to do is help our people move forward, and it is to that that we must devote all our efforts. This means that in all areas, we must be capable of perceiving needs and aspirations in the field so as to formulate for each of them the well-adapted proposals that can convince those concerned to approve, rally around, and act, and, in that way, to overcome the difficulties on a case-by-case basis. In general, therefore, it is a question of showing intelligence, seriousness, and realism in our approach to problems as well as in the search for and formulation of solutions.

In that spirit, we have several times noted that big economic and social problems, even if they are taken into account by government action, are still present with the same degree of seriousness in the daily life of the French, especially that of the least privileged groups. There is no doubt that we must go forward in the direction of a more tangible and concrete improvement in the lives of those millions and millions of workers--working class families--who are expecting so much from the change.

What does this mean more specifically? Naturally, it is not the purpose of this report to present miracle formulas or to wrap the problem up in one, two,

three, or four questions to be resolved, while regarding other questions as secondary or less urgent. We will simply mention a few examples and a few areas where, in our opinion, we must concentrate our efforts.

Purchasing Power

The first example is the increase in purchasing power and people's consumption, which is what made the moderate recovery that we have experienced possible. So it must be continued, otherwise it is certain that the recovery will be aborted and unemployment will grow worse. But the employers, on the contrary, want to reduce purchasing power. They are hawking the idea that a drop in wages, combined with a more sizable drop in working hours, would make it possible to create jobs. That is not realistic: under that plan, a drop in the possibilities for consumption would occur, activity in the firms would be further reduced, and an expansion in unemployment--notably partial unemployment--would be waiting for us.

As I said a moment ago, choices must be made. And in our view, priority must be given to the upgrading of low wages, the struggle against social inequalities, vocational training for young people, the upgrading of workers' skills, and social housing.

Employment

Another major problem is employment. It calls for our complete concern, particularly as far as the crucial problem of unemployment among young people is concerned--and I will get back to this later. We feel that the barriers against unemployment should be reinforced: employers should be induced to stop eliminating jobs and exploiting precarious employment, they should pay more of the social cost of unemployment and precarious employment, and workers' proposals for finding solutions and in particular for modernizing the firms should be examined and discussed, with court injunctions against plant closings.

Naturally, the decisive issue as far as improving employment is concerned is the resumption of viable productive activities in France. That issue dominates the preparation of the 1983 budget. We approve of the idea that the budget in question should assign absolute priority to employment and that the effectiveness of public expenditures in terms of that objective should be much better insured. This concerns in particular aid to industry. And should not the effort devoted to public works and useful infrastructure be strengthened? Should not the planned tax reform make taxes more conducive to employment in France and more of a deterrent as far as the wasting of capital is concerned?

The new industrial policy is at its very beginning. The basic point is that it should now rest on the nationalization of credit and industry. The basic industries, the capital goods industry, and the essential areas of industrial research have become part of the public sector. After campaigning against the nationalizations, the employers now want those firms to be managed as they were before, and the Right is threatening to denationalize them as soon as it can. Obviously, if they were managed as before, the results would be negative for employment and for the country. On the contrary, new objectives and new management

criteria must be drawn up in those firms and be made the object of contracts with the government. Public financial assistance and credit must not be wasted; instead, they should be tied to specific objectives and made the object of decentralized and democratic management control, whether in the public or the private sector.

Hiring people and training them to produce, insuring the viability and competitiveness of that production, organizing the growth of productivity--on the basis not of more production rates but of more skill, initiative, and bold technological choices linked with an effort to win technological independence for France--and reducing overhead costs, unproductive and speculative spending, all the levies on the wealth produced which feed private fortunes, all excessive outflows of capital to other countries, and all the excessive interest costs that weigh heavily on prices--those are the paths we support as a means of seeking competitive production. That is the spirit that guides us in our proposal to implement production and competitiveness contracts that will include clauses on hiring and training. Those contracts could also represent a new dimension for the current employment-solidarity contracts.

Workers Rights

Of course--and this is another problem presenting itself--it is proper for the workers to have the right to be informed, to make proposals, and to participate in decisionmaking. Rights already exist as far as unions, enterprise committees, personnel representatives, and health and safety committees are concerned. It is important to enforce those rights everywhere. It is also important--as the government is preparing to do--to grant new rights in all the firms, particularly in the public financial sector, where democratization is very much the order of the day. Lastly, the second and third phases of decentralization reform are still to be carried out, while the reform of planning is being drawn up so that it will be possible to begin work on the Ninth Plan in the near future.

Agriculture

In another important area--agriculture--the new government has found itself confronted with a heavy liability inherited from the Giscard administration in the form of a steady decline in farm incomes over the past 8 years.

There again, external causes weigh heavily due to the fact that our agriculture is closely integrated with the Common Market, whose guiding principle is to reduce our agricultural production in favor of foreign imports.

The first positive measures adopted by the government have not sufficed to reverse the preexisting trend.

As it has committed itself to do, the government must struggle firmly in Brussels to obtain a 16-percent increase in farm prices while taking steps at the same time to reduce production costs, with priority being given to family farms. It must also improve the organization of markets and encourage young people to take up farming.

As can be seen, the majority's action calendar for 1982 is a full one. Life and the hoped-for results call for this work. Every problem must be dealt with seriously and realistically.

Peace and Disarmament

Lastly, there is another area of party duties that must receive our full attention: peace, disarmament, and international cooperation.

The people's movement that has spread through the world, and particularly in Europe, has contributed to the start of negotiations in Geneva concerning medium-range nuclear armament and to the continuation of the European meeting in Madrid. That pressure must increase further so that despite the accumulation of obstacles and delays on the part of the Reagan administration, those negotiations will lead to positive results.

It is also particularly important that the special UN session on disarmament, which will begin on 7 June, should lead to progress in this area. As far as we are concerned, we are delighted with any initiative in that direction, regardless of its source. That is why, along with all the forces for peace, we are delighted at the decisions made by the USSR and the socialist countries and by the neutral and nonaligned countries.

The spring of 1982 promises to bring a new phase in the struggle for peace. That is true in Europe, and notably in the FRG, with the dozens of Easter marches and the demonstration scheduled for Bonn on 10 June in connection with the NATO meeting. It is also true in the United States, where people's demonstrations and the taking of various stands are increasing.

For our part, we intend to continue our action with other French men and women of all shades of opinion to stop the arms race. The rally of 25 October expressed with exceptional force the contribution by our people to the universal struggle for peace. That contribution is continuing today with the Paris Appeal issued by the Peace Movement, which has so far collected 500,000 signatures. In keeping with our commitments, we are contributing to the success of that drive, whose next stage will consist of regional rallies organized in every corner of the country and the Youth Festival, which will be held in Nimes within 2 weeks of the special UN session. The results of the drive in connection with the Paris Appeal will be centralized there, the objective being to count the signatures by the millions.

It must be added that we must give our struggle for peace and disarmament its full dimension by linking it in particular with the struggle for a new international order. We must give prominence to the monstrous sacrifices being borne by mankind because of continued escalation of the arms race and magnify the demand that the colossal sums now being swallowed up by research and the manufacture of engines of death be placed in the service of life and the struggle against hunger, illiteracy, and underdevelopment.

Party Activity

As can be seen, our entire political approach is aimed in the same direction: at helping constructively, realistically, and effectively to cause the change to advance.

All our initiatives, all our behavior, and our entire manner of tackling the problems must be permeated with boldness and the spirit of initiative comprised in that orientation while not losing sight, as we said at the congress, of the fact that "it is logical that since we belong to the majority and are present in the government, totally new points of agreement between us and men and women with whom we have not previously been in the habit of working cannot fail to appear." We must not be afraid of finding ourselves together with those men and women as long as the assigned objectives are clear, serious, and in keeping with the needs of those concerned and the real possibilities.

Naturally, such a responsible approach and the new style of work with the masses that it implies presuppose that the party will have close and multiple ties with the workers--the people--nearest to the place where the problems are felt and where a solution must be sought.

a) Our Activity in the Firms

The above concerns primarily our activity in the firms.

Noting that it has weakened considerably, we insisted at our 24th congress on the need to "change gears" in that area. I must add, by the way, that the results we achieved in the cantonal elections fully confirm that need.

I will not insist before the Central Committee on the underlying reasons for the priority we must assign to our fight within the firms. They have to do with the very nature of the capitalist system, in which the firm is the privileged focus of class struggle. They also relate to the social, scientific, and technological changes that have marked our country in the past few decades, the result of which is that the firms weigh much more heavily in national life than they did only 20 years ago.

But there are other reasons leading us to assign that priority to the firms, and they have to do with the new political situation in the country since the victories of last spring and with the important possibilities for the workers that arise from those victories.

Let us take only one example: the nationalizations. Following the expansion of the public sector in industry and banking that has just taken place, a total of nearly 3,500 enterprises and more than a quarter of all industrial wage earners are directly or indirectly affected by the nationalizations. Nationalization now covers more than 80 percent of France's steel production, 70 percent of its research expenditures, and over half the turnover in the chemical industry. It will also cover 95 percent of all credit when the 36 targeted banks have been nationalized. That shows the importance of this new field of action.

But nationalization decided on from "on high" is not enough to insure that all its implications will immediately become part of life. The obstacles are many. The employers organization remains present, for example, in the subsidiaries of the parent firms. What it expects of the nationalizations--and chairman Gattaz of the CNPF [National Council of French Employers] has announced it plainly--is that "they should strictly apply the rules of the market economy." In other words, they should remain strictly subject to the law of capitalist profit.

In addition to those obstacles erected by the employers, it is also necessary to see clearly the manner in which greater intervention by the workers in the firms--the importance of which I have just emphasized--collides with the weight of tradition in the worker movement, this being an aftereffect of the political strategy we pursued prior to the 22d and 23rd congresses. The idea that action must be limited to social protest, while leaving responsibility for management in the hands of the employers, and the fear that the worker movement will sink into class collaboration as soon as it intervenes in those problems--all those conditions still exist and weigh negatively on the proper course of action from now on.

So there are new responsibilities for our party in that area, which is also the sector where the party's main organized forces in the firms exist. I want to remind you, from that point of view, that the majority of our company cells are established in the nationalized public sector as it exists today.

I have used that as an example, but what we must do is develop party activity in the direction of all the firms and utilize the new possibilities for intervention that are made possible by the law on the rights of workers and their organizations.

Everything prompts us, therefore, to follow through in practice with the priority we assign to the party's life and activity in the firms. As stated in the congress resolution, it is important to "change the dimension and quality of our political activity and our initiatives for struggle, enrich our knowledge of current realities in the firms, and give the maximum consideration to the transformations taking place among wage earners and in the working class itself, whose unity calls for unceasing efforts."

b) Ties Between Cells and Masses

Beyond the prime importance of work by our company cells, there is the more general question of regular activity by all our cells and their ability to understand our policy and to take the proper initiatives at the proper time. That problem is being posed even more acutely today than in the past.

Everyone will realize that it is not a question here of ritual reference, but of a pressing political necessity.

Our cells constitute an incomparable means of informing the masses. As we have said, they are our 27,500 decentralized radio and TV stations, and they must transmit continuously. To inform people of our policy. And to inform people

as to what we are. Let us be convinced that the slanders being dumped on us will have less effect on the workers to the extent that the latter have a daily opportunity to see the true face of the Communists and their party through discussion and action with their Communist comrades at work on behalf of their jobs, working conditions, and rights and the management of their firms, as well as through discussion and action with their Communist neighbors on behalf of their housing conditions, improved schooling for their children, community facilities, and a setting of life that is worthy of our era.

We will be all the more recognized for what we are to the extent that our cells become more active than they are today and that their life benefits from better participation by all the members. This means that our cells should not operate in a narrow manner--in isolation--but that they should burst open to the outside world and permanently sense the heartbeat of the working world and the needs and aspirations of the people to whom they address themselves.

That is why the life of each cell--in the firms, local, or rural--and the existence for each of them of a secretary and other officers capable of helping each Communist implement our policy creatively constitute a basic political issue. It is a task to which all the party's leaders, and first of all the Central Committee, must devote great--very great--efforts.

Now that the cantonal elections are over, we must take other initiatives aimed at turning our cells resolutely toward the masses. We must help provide information, contribute to intervention by the workers, and make our proposals known. We must make all the wealth of our 24th congress known outside the party.

Why not decide to hold a series of meetings and gatherings of all kinds at the various levels? That is what the Paris Federation is doing, and it is preparing for what it is calling for: 3 months of initiatives, activities, and debates aimed at encouraging the cells and sections to speak to Parisians in the firms and neighborhoods on really suitable topics. That initiative will be launched during a gathering of 1,000 cell secretaries. That, it seems to us, is an interesting way of proceeding that can contribute to the thinking and decision-making of the other federations.

c) Communist Local Elected Representatives

In this situation, it is also appropriate to emphasize the new aspects of the role of Communist local elected representatives.

First that of the general councilors. Yesterday, for the first time in 200 years, the general councils met free of supervision by the prefects.

New structures have been established in the departemental assemblies. Thirty-six departements will have leftist chairmen. They are responsible for the departement's administration and development. In that capacity and at their particular level, they are conducting the policy for change.

Taking advantage of the new means made available to the departements by the law, the Communist general councilors will, with initiative and boldness, make their contribution to advances in the fields which are the responsibility of the general councils.

The orientation will be identical, even though the conditions are different, in general councils headed by the Right.

The same will be true of the regional councils, which beginning on 14 April will also enjoy expanded prerogatives. Of course, the regional assemblies will not be elected by universal direct suffrage until the elections of March 1983, except in Corsica, since the election of Corsica's assembly, with proportional representation, is scheduled for this coming July. We are pleased, since we contributed a great deal to bringing that about.

The results of the elections just ended demonstrate once again the influence wielded by Communist general councilors and mayors.

Their position as elected representatives has long led them to seize every opportunity to change and improve the life of the inhabitants of their communes.

Let them now be just that many points of support for the move forward. Let them determine with the population where it is possible to move forward. Let them surround themselves with the most capable people for achieving those objectives. Let them inspire dedication. Let them liberate people's energies. Let them place their experience, as it were, at the service of the new policy. That is our ambition.

Undoubtedly, this also requires more advanced discussion with them in the departements to appeal to their opinion and initiative. Our federations must devote the necessary time to this. We are convinced that a still-underutilized asset exists in this area.

That is why we draw the attention of the Central Committee and the federation leaders to the fact that the congress of the National Association of Communist and Republican Elected Representatives will be held on 14 and 15 May of this year. That congress is being held after the 24th party congress, and we will then be getting ready for the municipal and regional elections. This underscores the importance of the meetings that will be held by the elected representatives in each departement to prepare for that congress.

Giving another dimension and a new style to our mass activity also means developing Communist activity in the union movement and in the many associations where the French meet together, defend their interests, practice solidarity, and act jointly.

d) Communist Activity in Union Movement and Associations

Our 24th congress reminded us of the leading role being played in the country's life today by the union movement and of the special quality of the relationships

that the history of the worker movement has woven between our party and France's leading central union, the CGT [General Confederation of Labor].

We also said that the life of the associations is a valuable special feature of the French nation. I therefore wish--without going into detail--to draw the Central Committee's attention to the value of rapidly committing our efforts in the direction decided on at the congress.

Today, a deep-seated will to cooperate and participate inspires a number of associations affected by the government's plans for major social reforms concerned with retired people, social security, health, housing, and the educational system.

Encouraged by the political change, and depending on their special interests, many organizations are demanding--and rightly so--an active and specific place in the thinking that is going on, particularly in the discussion concerning the draft bill on the promotion of associations. This affects over 400,000 associations. We also intend to promote the adoption of a good law.

Wherever Communists participate in the life of associations--and we must recommend to them that they be more active and present in those associations--they strive to make their resolute contribution to its development and effectiveness. It is therefore a matter of generalizing that activity for the good of the associations themselves. And the practice of it enriches Communists considerably in their social activity.

e) Communist Activity Among Young People

We must also step up our intervention with respect to young people. We feel that the place assigned by the 24th congress to the problems they encounter must be reflected in a continuation of the reflection and action undertaken by the Central Committee in 1970.

We must take advantage of every possibility offered by the new situation to begin changing the daily life of young people on essential issues. That is the responsibility of the government in which we participate and of our party, its elected representatives in government, the worker movement as a whole, and, of course, the young people themselves.

Let us take the problems from the beginning: in the schools. We can no longer be content merely to denounce the fact that 200,000 young people leave school every year without training. We must shift from the denunciation of that situation to an effort by everyone to fully implement the first measures adopted--for example, on behalf of the priority education zones or to see that funds are made available this year for keeping 20,000 young people in modernized vocational training lycees. We must also insure the complete success of the temporary measures concerning vocational training for 100,000 young people between the ages of 16 and 18, which Marcel Rigout has been appointed to carry out on behalf of the government. This requires commitment by the elected representatives to organizing the coordination of all training programs by locality, as well as commitment by state-owned enterprises and the teachers, the enterprise

committees and unions, the parents, and the young people themselves. And this is necessary in order to prepare facilities for handling the young people, choose the appropriate training for them, and get them enrolled for September. It also means organizing the training of instructors beginning now.

It can be seen that to act on such an issue with significant effect, more is required than a government decree and administrative regulations. What is new is that there are legal texts and credits enabling us to break with a system which sidelined young people and that a possibility for catching up and making a new start is being offered to young people ousted from the school system.

At the same time, there is a clear need to clean up this mess at the source and to give substance to the school for our time--open, alive, and preparing young people for vocational and social life.

The same is true of the acquisition of a good trade in the state-owned enterprises, in company schools--which must be expanded--in the groups for modernized apprenticeship, and in the firms themselves through an extension of continuing education.

More generally, we say that it is necessary to attack with more funds and more effectiveness what is undoubtedly the most serious problem today: employment for young people. Naturally, we are well aware that the 2 million unemployed and the 1 million young people already shoved by the Right into the ANPE's [National Employment Agencies] and into precarious employment will not be reabsorbed in a day. The decline of unemployment has been made an objective of the government's policy.

The need remains to obtain more numerous provisions for offering jobs to young people. This has begun in government departments. But the major production firms must open up to young people.

At the same time, the reduced workweek, earlier retirement, the solidarity contracts, reconquest of the domestic market, and the implementation of new growth must lead to the creation of jobs and the hiring of young people--firm by firm, industry by industry, and locality by locality.

All that effort can obviously not be contemplated without the young people, their participation, their will, and their action.

From that point of view, preparations for and the holding of the Communist Youth Movement Congress from 3 to 6 June will mark an important stage in the commitment by young people to the new situation.

The congress will end with a big national rally of 50,000 young people in Ivry in connection with the AVANT-GARDE Festival, where Georges Marchais will speak.

The congress and festival will deal with the young people's aspirations and questions concerning the future of the world and of French society, the development of science and technology and their consequences for the life of young people, and peace and disarmament.

We are recommending to the party and all its organizations that they consider themselves fully committed to the success of the congress and festival of young people and that they meet soon with the members of the Communist Youth Movement, within the federations and sections and within the framework of respect for the independence of the Communist Youth Movement organization, to examine ways in which they can provide support.

f) Strengthening the Party

Naturally, implementing all these guidelines requires that we pay constant attention to the strengthening of our party.

As we said at the congress, the party is achieving its highest goals since the liberation, with over 710,000 members as of the end of last year. That is a good thing, but it should not make us complacent. On the contrary, it is necessary to finish issuing 1982 cards to all members as soon as possible and to multiply our efforts at recruitment.

The general political situation is obviously the same everywhere. The party's tasks are the same everywhere. The cantonal elections were held in all departements. There are differences between federations, however, and they can only be explained by certain shortcomings. Many examples demonstrate the possibilities for attracting a great number of people to the meetings and gaining many new members in that way. Our recruitment possibilities are considerable, considering the millions of Communist voters who have just voted for our candidates.

It is important to rapidly draw up working plans for strengthening the party and to do so in close coordination with the party's general activity.

Strengthening the party means also improving the quality and speed of its intervention. Our strategic choices and the requirements deriving from the current situation demand that each of our cells and each Communist make an effort to master the essential elements of increasingly fast-moving and ever more complex current events and that they implement our policy with boldness and a spirit of initiative. We must therefore intensify our educational work in the direction of each member. Aware of the importance of this battle to raise the party's political and ideological level, our Central Committee will devote its next session to that topic.

Taking the initiative also means attending to the circulation of our press. The success of the subscription drive for the Communist press has shown the extent of the support given by the workers to our newspapers and the real possibilities we have for advancing boldly in this area. Today we must continue the effort to build the circulation of L'HUMANITE, HUMANITE DIMANCHE, and REVOLUTION up to the level of the party's current responsibilities.

Those, comrades, are the ideas that I was entrusted with presenting to you on behalf of the Politburo.

11798

CSO: 3100 525

DEFFERRE ON POLICE, DECENTRALIZATION, CORSICA, ELECTIONS

Paris LE MONDE in French 9 Mar 82 p 6

[Excerpts] Police problems, the occupation of factories, cantonal elections, decentralization, the peculiar status of Corsica, these are all subjects addressed by Mr Gaston Defferre to the "Grand Jury" of LE MONDE on 7 March. The minister of the Interior and Decentralization also mentioned the suicide of Rene Lucet (LE MONDE 7 March).

"Malaise" in the Police Forces

The minister of the Interior denies that there is "malaise" in the police forces and adds, "I have done a lot more for the police than any of my predecessors. I have gotten material and financial advantages for them that no one else had, especially a bonus they had been asking for for 20 years. This hazardous duty bonus will henceforth be taken into account in calculating retirement pensions. I got 6,000 extra policemen from the government and 1,000 extra administrators to enable policemen to leave their desks and get back out on the streets. So I have a very clear conscience."

Amnesty

"No kind of amnesty makes police work any easier; that's fate. Previous amnesties did not make it any easier. The policemen who took the trouble to arrest culprits do not like to find them back out on the street, whether or not the arrestees were convicted, and they do not like having to deal with them again. I understand how the police think, but the law is the law and must be applied by everyone."

Firmness and Keeping Order

In answer to a question about the anti-nuclear demonstrations at Chooz, in the Ardennes, and the way it which it was put down, Mr Defferre said, "Who was more brutal, the demonstrators or the police? Before acting firmly, the police--and the CRS [Republican Security Companies (State Mobile Police)] in particular--had been subjected to a lot of violence, and there were many more wounded among the police than among the demonstrators. Order had to be restored. The government has decided that a certain number of plants shall be built; they are necessary for France to have the energy it needs and to save on oil in the future. This decision shall be enforced."

Cantonal Elections

Mr Defferre stated first of all that he "kept the notion of rural district supremacy" in the new redistricting and that since there was no national test the elections would be an "indication; but they cannot in any case be a counter test of the legislative elections."

Answering charges of "butchering" the districts, the minister of the Interior said that "in 1973, the government in power created 318 new cantons. It also redistricted or eliminated 20 cantons. In 1976 it redistricted solely in the Paris region, where 40 new cantons were created. In other words, under the reign of Mr Giscard d'Estaing, 378 new cantons were created or modified. The redistricting that I have done involves only 165 cantons, or about half of what my predecessors did.

"My predecessors," he added, "did a real job of butchering that consisted in dividing up only the cantons that were for them and not dividing the others. Well now! I used their principle and applied it to everybody. For example, in Puy-de-Dome I have created a canton where Mr Giscard d'Estaing is a candidate and will receive about 65 percent of the vote. In a whole series of other departments, I have created or retained cantons in which right-wing candidates can be elected."

Decentralization

"The prefects will have a very important part to play in the future, and it may be the main difficulty that I will have. Indeed, from now on they will be the real bosses--pardon the expression--of all the ministerial offices in the departments: equipment, agriculture, youth and sports, and cultural affairs. All these directors will be responsible to the prefect when there is trouble between the mayor, the chairman of the general council or the chairman of the regional council and these administrative offices; the prefect is the one who will decide. He is in the best position to know their problems.

"The plan will be a real one, but it will be drawn up democratically, which means that the regions will give their opinions and take part in drafting it, which did not use to be the case. The plan will be decentralized in that its conception will be decentralized. Moreover, there will be regional plans drawn up freely by each region. There used to be--and I was the first to put them in operation many years ago--city plans, but they fell into disuse. Each will try to work in an orderly, methodical manner at his own level. We won't be changing course day in and day out the way our predecessors did. And that does not contradict decentralization."

Corsica

"The two main autonomist movements have agreed to participate in the election of the regional assembly of Corsica and play a part in it. When you are a member of a legislature and have the right to speak, you play quite a different role from that of planting bombs or resorting to arms. I also note that when a series of violent acts were committed a few weeks ago, the Corsicans showed for the first time their almost unanimous disapproval. I have been told that

I am taking a risk. I haven't taken any risk. I had no choice. I couldn't go back the my predecessors' policy unless I wanted to backslide into the same pointless tragedies of violence and repression. I chose another solution, which consists in speaking to the intelligence and the emotions of the Corsicans."

8782

CSO: 3100/476

CHEYSSON'S FOREIGN POLICY STATEMENTS EXAMINED

Paris DEFENSE NATIONALE in French Jan 82 pp 155-157

[Article by Olivier Sevaistre: "France's Foreign Policy"]

[Text] Those whose job or vocation is to specialize in matters of defense or foreign relations realize that the two areas are actually parts of one and the same thing, what the count de Guibert called the "outside." It should come as no surprise, then, that on 18 November Mr Claude Cheysson presented his ministry's budget saying that there were no foreign affairs but a single policy set by the president of the Republic and the government, and controlled by parliament. He also noted a convergence that is "particularly remarkable among those who are by nature turned outwards, towards the ministry of Defense and the three foreign affairs ministries. There are the same principles, the same motivations, the same needs, and the same ambitions."

This exterior action, as Mr Cheysson calls it, is to be applied first in Europe, since our desire for growth and defense of freedom link us first to our European neighbors, and treaties have cleared an "area of peace, democracy, and close cooperation," although concerted and joint action does not stop at the frontiers of the European community. "We have to remember the importance that the Third World has acquired for our economies. A broad French policy in the Third World obviously responds to political motives. But it also has an eminent place in systematic action for growth." At the same time, "our country affirms its right to independence. It demands that its identity be respected. It takes no orders even from its closest friends. It is quite normal, then, that the same rights be recognized for all the nations of the world, that everyone control his own destiny, policy, and the choice of regime and its directions."

The minister also explained that this is the principle that guided the government in extending the "multiform and imaginative aid that we have begun and will continue to give to a unified Chad, to the inter-African force that is to symbolize and protect the new-found peace by replacing other armed forces that President Goukoni wishes to have leave. In every case where we are engaged by legitimate authority, we will fully live up to France's responsibilities in Africa, whether they result from formal previous commitments or from new ones. Our partners know they can count on France in full respect of each one's independence and identity." Thus was solemnly affirmed a policy that Mr Jean-Pierre Cot had already laid the groundwork for on his trip to Africa (see "Chronique 'Afrique'" by Bernard Guillerez in our October 1981 issue). But the Middle East is not forgotten, particularly Lebanon, "where our country has

multiplied contacts, decided to increase aid to the Beirut government, and is ready to take part in any action that might be proposed to consolidate the independence and unity of that country. But nowhere does the heightening of military tensions seem to us to be an answer, because it risks exaggerating tensions between the two great antagonists in the supreme game of peace."

Indeed, peace is still a major concern. Although not everything has to be seen from the viewpoint of East-West opposition, "the challenge is there; it concerns our country directly, and our people. France cannot be non-aligned. It remains at the side of those who share its civilizational values." Mr Cheysson reemphasizes at this point the coherence between foreign and defense policy, which are images of each other. Belonging to the Atlantic alliance does not exclude good relations with eastern European countries, nor technical and commercial relations with the Soviet Union, despite the Afghanistan affair.

The greatest source of disquiet remains the arms race. "The balance of power is the condition of peace. Present and potential imbalances must be corrected. If they are not, there is no true security for France and Europe." We must "negotiate, negotiate everywhere, always negotiate to strike a balance and maintain it at the lowest level possible." To do this, the Madrid conference should make possible the opening of a disarmament conference proposed by France while other talks are taking place elsewhere, but "the balance of nuclear and conventional forces is obviously linked and interdependent. Therefore, nuclear forces will have to be discussed in parallel with conventional forces."

The major concern at the moment involves medium-range weapons, particularly the Soviet SS-20 missiles. "If they are not withdrawn and dismantled, the necessity of balance requires that they be offset with equivalent weapons. The December 1979 decisions by our NATO allies was therefore necessary; we still hope it will not be needed if negotiations succeed quickly and satisfactorily." But balance has to be reached at all levels, including that of armor; NATO has only 15,000 tanks as opposed to 55,000 Soviet tanks.

The danger here is separating the defense of America from that of Europe. As a very large part of Soviet power threatens Europe only, there is a danger that American opinion might become lax on matters concerning Europe alone. "What would become of Europe when faced with the gigantic conventional and middle-range nuclear arsenal of the East if it did not have strategic deterrent forces? That means that the independence of the French strategic deterrence force is more important than ever, as it is an instrument of last resort in the defense of its vital interests."

Mr Claude Cheysson also mentioned the disquiet shown by various demonstrations in Europe. "Anxiety and fear give bad advice. Turning inwards does not offer any protection against continental or planetary threats. Self-effacement next to the superpowers is no way to have one's voice heard. Pacifism and neutralism must not be confused with the desire for peace and independence. The desire for peace must be preferred to the fear of war, the quest for common actions must be preferred to national egoism, and the resolute affirmation of principle must be preferred to self-effacement. We must not flee from the danger of war but win the peace.

"That is the reason that France is now more than ever determined to increase its defense effort under the conditions described by the minister of Defense and approved by the National Assembly. This is a capital element in the quest for peace along the lines that, after Charles Hernu, I have outlined."

8782

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AREAS OF RESPONSIBILITY OF PCF LEADERSHIP

Paris. L'HUMANITE in French 26 Mar 82 p 9

[List of areas of responsibility assigned to PCF Politburo members]

[Text] Georges Marchais: secretary general.

Maxime Gremetz: foreign policy; relations with Christian groups and movements.

Andre Lajoinie: chairman of the Communist group in the National Assembly; agriculture.

Paul Laurent: party organization; coordination of federations in the Paris region; relations with political parties.

Cécile Moreau: party activity among women.

Gaston Plissonnier: coordination of work by the Politburo and secretariat.

Gustave Ansart: chairman of the Central Commission on Political Control.

Mireille Bertrand: health; the setting of life; consumption.

Jean Delpin: assistance with the advancement of members (with Jean Garcia).

Jean-Claude Gayssot: party activity in the firms; immigration.

Guy Hermier: intellectuals; culture; education and universities: editor of REVOLUTION.

Philippe Herzog: economic section.

Pierre Juquin: propaganda; communication; information (with Marc Zamichei).

Thérèse Lazard: director of the Institute of Marxist Studies; education (with Paul Fromentel).

Gene Le Chen: science and technology and their relationship with production; activities by technicians; the place and role of engineers and managers.

Roland Leroy: editor of L'HUMANITE and HUMANITE DIMANCHE; coordinator of the provincial daily newspapers.

Rene Piquet: chairman of the group of French Communists elected to the European Assembly; party activity for the dissemination of L'HUMANITE.

Claude Poperen: liaison with party federations; coordinator for officials of the regional committees.

Madeleine Vincent: local communities (with Marcel Rosette, chairman of the Association of Communist and Republican Elected Representatives); elections.

Louis Baillot: national defense; security; police.

Felix Damette: regions.

Georges Gosnat: Central Committee treasurer.

Henri Malberg: urban life.

Andre Vieuguet: editor of CAHIERS DU COMMUNISME.

Marcel Zaidner: under the authority of the party secretary general, party work among young people; physical and athletic activities.

11798

CSO: 3100/525

GOVERNMENT'S INTERVENTION IN ARMED FORCES SUPPORTED

Athens ELEUTHEROTYPIA in Greek 24 Mar 82 p 1

/Text/ Without memory, without education, without a knowledge of history, irresponsible or saboteurs? Let them choose the title that fits them best, those who because of the Kapetos affair repeat the demand today that the country's legitimate government should not intervene...in the affairs of the armed forces. As though the army is "a state within a state," an area outside of the will of the people.

They followed this tactic before, every time the Right was not in power, when Plastiras or the old Papandreou were in power. They shouted in 1963-65 about "interventions in the army." They were demanding then that the armed forces should remain a "closed compartment" outside the control of the country's legitimate government. And they inflated the ambitions of the aspiring petty-tyrants, encouraging them to discard discipline and be disobedient to their political leadership.

The country paid dearly for that tactic. The price was dearly paid not only by leftists or centrists but also rightists, prominent politicians and citizens. But the politicization of the colonels was paid for most dearly by Cyprus. Even today we continue to pay for the consequences of allowing the uniformed officers to "play politics."

Hellenism is now going through a difficult time. The moment calls for armed forces dedicated to their duties. Those who try to divert them, those who spend their time in activities which are outside their duties, will be thrown out. Nobody will be allowed to disturb the unity between the people and the army. The people want it and the army remains devoted to its duty. The officers are conscious of their responsibility.

Yes! The political leadership will intervene in every instance when factionalism raises its head. The country cannot afford the luxury of internal "fronts" in the army, whether representing persons or camps. The army, navy and air force belong to the Greek people who pay dearly for their material and human potential. They belong neither to Kapetos nor to Konofaos. Retired and active officers should get this straight.

Yes! The Papandreou government must intervene today, just as the Karamanlis government intervened yesterday when active or retired officers dared to "play

politics" and to...disapprove of the transfer of units, to issue ultimatums, to pose conditions, to engage in politics.

No! The military officers cannot engage in politics. They all should get clear on this. Only the minister of defense expresses them politically, and above him, the government and the Chamber of Deputies. Those in uniform must obey only the political leadership whether rightist as it was yesterday or socialist as it is today.

Stay in line, you without memory, without education, without a knowledge of history, irresponsible and saboteurs.

7520

C30: 4621/276

KKE LEADER CRITICIZES GOVERNMENT POLICY

Athens KYRIAKATIKI ELEFTHEROITYPIA in Greek 28 Mar 82 pp 1, 22

[Text] Speaking at the plenum of the Central Committee, KKE Secretary General Kh. Florakis severely criticized the policy of the PASOK government. Florakis noted that "some measures of a general democratic nature were taken" but he underlined that the governmental policy "is marked by vacillations and contradictions, and as a whole does not push forward the change the country needs."

More specifically, Florakis at the beginning of his report to the Central Committee spoke of the recent NATO decision for the installation of intermediate range missiles and underlined that this is another step in American imperialism toward a nuclear confrontation. Under those conditions, the role of anti-war movements develop in western Europe and can effectively undermine the cold war policy of the imperialists.

It is a positive step, he said, that the Greek government accepted the Brezhnev peacekeeping proposal which constitutes a new contribution by the Soviet Union to the cause of peace.

We must make, Florakis added, every effort to forge together all the forces in our country, regardless of differences on other issues of interest to peace and disarmament, for the removal of foreign bases, the de-nuclearization of the Balkans, the nonplacement of American Pershing II and Cruise missiles in West Europe and the conduct of genuine negotiations for the reduction of nuclear armaments in Europe based on the principle of equal security.

"Contradictions"

Speaking on the government's policy so far, Florakis said that although certain measures of a democratic nature were taken, the policy is still marked by vacillations and contradictions and as a whole has not pushed forward the change the country needs. It does not deal with the basic problems of change such as NATO, the bases, EEC, the "closed compartments" of the state machinery, the end of total irresponsibility of the monopolies and the genuine improvement of the conditions of the working people.

The right which continues to hold positions in the state machinery and is supported by the domestic and foreign oligarchy takes advantage of the government's vacillations, exploits the growing popular problems which it created itself, and

wages a multi-front reactionary attack designed to undermine the government and especially to show as bankrupt the idea of change in the eyes of the masses and to bring about a reactionary shift in the country.

Working People

Florakis emphasized that in this complex and contradictory situation our party must give expression to the demands, hopes and resentments of the working people in the direction of pressure and demand to the government to move forward with the measures which promote the aims of the change, at the same time fighting back against the plans of the reaction.

The utilization of the new possibilities with the development of an organized united mass popular movement against the monopolies, imperialism and the Right, may turn today's governmental directions in one degree or another toward a genuine change. The task requires, among other things, that we must deal with PASOK's anti-union, hegemonistic policy and its effort to isolate the other progressive forces, a fact which weakens the struggle for progress and the fight against the domestic reaction and the foreigners.

Florakis underlined that the increase of the party's strength and influence is today a basic condition to open the way to a genuine change. The post-election developments show how right our party was, Florakis added, to declare that the solution cannot be found in a self-sufficient PASOK government and that it was necessary to strengthen KKE, especially by going into the second distribution of votes and by promoting the cooperation of the forces of change.

Municipal Elections

Florakis emphasized the great significance of the municipal elections and presented the party's views and the tasks for its preparation for this fight. He also spoke about the preparation for convening the party's Eleventh Congress. The Central Committee approved a resolution which will be made public soon.

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SSC: 4621/276

PASOK RAPPED FOR STATEMENT ON KKE

Athens RIZOSPASTIS in Greek 30 Mar 82 pp 1, 9

/Text/ The report of the Executive Bureau at the recent meeting of the PASOK Central Committee speaks about a "single-front struggle against the Right" and in another point about the aim of the movement "to cooperate with the other progressive parties and organizations in mass areas."

But these generally sound positions conflict openly with certain other statements made at the PASOK Central Committee meeting in the same document and which were prominently publicized by the KYRIAKATIKI ELEVTHERTYPIA.

Thus we learn from ELEVTHERTYPIA that PASOK's Executive Bureau called at the same time on its organization to help "politically /disengage/ and /decompose/ mainly the popular base of the Right but also of the /traditional Left/" (emphasis ours).

What sort of "single-front fight" is this, what kind of "cooperation in the mass areas" is PASOK trying to have when at the same time it aims at the "decomposition" of the "traditional Left," as it distortedly calls KKE? Which one of the "new" directions of PASOK overshadows the other?

One might have thought that the quotation was irresponsible, random, without historical sense and injected from the outside if it were not for the fact that Monday's newspapers repeated the quotation, which means that the appropriate circles of PASOK did not retract it; they did not even make any correction. This is one more reason for having such disturbing thoughts.

Is it possible that inexperience gives rise to views within PASOK which are "up in the clouds" and lose the sense of measure and reality, opening up slippery paths both for PASOK and for the cause of change? What is the connection between the cause of change and the chimera of "decomposing" KKE, which has forever been the wishful and naive hope of the Left's "traditional" opponents?

How come a party that wants, as it claims, to hit the Right, the oligarchy and the regime of dependence, can at the same time aim for the elimination of KKE, no less?

It seems that some people in PASOK have not learned anything from the earlier rich and heroic experience of the popular movement, nor from the recent difficult

struggles against the Right, nor even from the present difficulties. At long last they must come to realize that KKE, whether they like it or not, is not just another party that happens to be to the left of PASOK nor, even less, a temporary political organization born by accident and coincidence. It is a force deeply rooted in Greek society, a force that has withstood storms and persecutions capable of expressing the real needs of the Greek people, which today is irreplaceable if the road is to open for our country toward a tomorrow which will even remotely resemble socialism.

Arrogance is always bad counsel. So is egotism. It is not KKE that--as PASOK's report almost ironically claims--"dreams arbitrarily of pressures, central negotiations and alliances." The unity of the people and the cooperation of the progressive forces is demanded by the broad masses which were the moving force and the lever that brought about the defeat of the Right.

For KKE the road to the cooperation of the progressive forces is not "a purpose in itself" or a "concession." It is the only way to bring about a program of genuine change for an anti-monopolistic, anti-imperialist turn in the country's life with a direction toward socialism. This truth is increasingly reaffirmed when life shows that "autonomous" solutions may satisfy some "partisan chauvinistic targets" but they cannot find the strength to push forward with specific measures the aims of change.

Those who in the past tried to "disengage" KKE's popular base and the base of the Left succeeded only in getting ensnared themselves by the forces of the establishment. Those unfortunate, to say the least, statements and directions which are contained in the report of the PASOK Executive Council do not help PASOK, neither do they help the fight against the Right from the moment they try to split the progressive forces in the country.

Not only the Right but also certain "friends" of the change try to push PASOK and KKE into an arena of sterile confrontation. KKE has no reason to enter such a course. Its front is and will remain directed against the Right, the oligarchy and the imperialist dependence. Only from this point will it criticize PASOK for its vacillations and work primarily among the people so that the course of the country will take another direction.

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CS : 4621/275

NO INTER-PARTY COOPERATION FOR PASOK IN MUNICIPAL ELECTIONS

Athens TA NEA in Greek 28 Mar 82 p 14

[Excerpts] PASOK will not cooperate with other parties in the October municipal elections in which its aim will be to increase the 48 percent the Greek people gave it in the parliamentary election of 1981 while at the same time its role objective is to confront the Right.

These basic conclusions derive from the report to the Central Committee made by K. Laliotis on behalf of the Executive Bureau. The report of the Executive Bureau was given during the second day of the Central Committee meeting following the report of chairman Andreas G. Papandreou which found a great response among the people. Papandreou, as is known, not only analyzed the course of the PASOK government but delineated the framework of the future actions which must take place.

K. Laliotis added also that PASOK does not aim at the creation of a blind and voiceless syndicalism and separates the politically feasible which determines the governmental decisions from the socially necessary which must be fought for by the organizations and the mass areas.

More analytically, the report of the PASOK Executive Bureau emphasizes that "the municipal and communal elections with their Panhellenic character constitute a capital battle with tremendous political significance." For this reason, the cadres and the followers of the movement are called to launch a crusade which will "strengthen and deepen the roots of PASOK in our country."

The report also criticizes all those who do not understand that the road to socialism has several intermediate stages, while at the same time it condemns any intention or effort to intervene in the governmental mechanism.

Another part of the report emphasizes that PASOK will cooperate with all progressive parties and organizations in mass areas, but this does not mean that it will give up its ideological and political identity or that it will accept a distortion of its physiognomy, its choices and its tactics. Without losing sight of its frontal fight against the Right, PASOK will not leave free of criticism, denunciation or reply those who will attempt to disorient the course of change or those who arbitrarily or without connection think or dream of pressures, central negotiations and alliances. In any event, the PASOK organizations will fight with political means to disengage the popular base which has been taken over not only by the Right but by the traditional Left as well.

STUDY INDICATES SPECIAL INTEREST ORGANIZATIONS GRAB POWER

Stockholm DAGENS NYHETER in Swedish 10 Apr 82 p 13

[Article by Bjorn Lindahl]

[Text] Bergen, March--The power of elected politicians and of Parliament has weakened in Norway. In their place, the big special interest organizations with their anonymous research machinery have been gaining more and more influence. That is the finding of the so-called Investigating Committee on Power, which has produced a unique survey of the power structure in Norway. "Iron triangles" consisting of representatives of the big organizations, bureaucrats in the ministries, and parliamentary committees rule the country in practice.

Prof Gudmund Hernes observes: "If you want to know how political and economic decisions are made in Norway, the last thing you should read is the constitution."

For 10 years, he has headed Norway's Investigating Committee on Power, an almost unique attempt to map out the relationships of power in a country. For those who expected the committee to discover hidden power figures pulling strings from behind the stage of society, it has been a disappointment. On the contrary, the investigators show the powerlessness of those in power and demonstrate how the sum total of decisions and pressures from all the groups exercising power leads to a long series of unforeseen and undesired results.

"It was a wild project that was placed in our hands," says Gudmund Hernes now that the piles of the committee's final reports, in covers bearing the national emblem, finally fill his research room in an attic office in Bergen.

In Antiquity

The task assigned to him and two other social scientists in 1972 was that of investigating the relationships of power in the political organizations, the business community, the mass media, and the protest movements. They were also to show how those various groups related to each other and, first of all, provide a definition of the very concept of power, "a problem

that political thinkers have wrestled with since antiquity," as the researchers ironically point out in their introduction. To carry out the project, they were given their own budget and authorized to commission work from other researchers.

"It was only natural that the Investigating Committee on Power should become a joke in academic circles during the first few years. And we were so awfully young, too. I was only 30. One thing is certain--social scientists themselves would never have hit on the idea of giving such a job to their colleagues.

"We groped around for 2 years before we got a handle on how we should tackle the job. Frequently, when an investigation is being made in Norway, there is a model to follow, but in this case we had no prototype. And the assignment itself was very controversial. It started under the Labor Party government and was a typical intellectual creation of Minister of Finance Per Fønne. Many people thought it was something being done to punish the business community. The Conservative Party voted against the first appropriations, and the head of the employers association urged its members not to answer any questions."

As the committee presented its progress reports, however, the criticism gradually ceased. The information produced could not be used one-sidedly by any political party. The Conservative Party, which had been the party least sympathetic to the investigation, is now the one that has taken it most seriously.

But what did the committee come up with? A few of its main findings can be summarized as follows:

1. The position of the politicians and of Parliament has weakened.
2. The ministries function to a large extent as special interest groups.
3. Society is moving from a market economy toward a bargaining economy.
4. There has been a concentration of power. The big organizations have grown stronger, and contacts between them have grown closer.

"The way to achieve power is to build up an organization around a group's interest," says Edmund Barnes. "To get full-time people to look after certain questions." The best example in Norway is the formation of the Ministry of Environmental Affairs in 1972, which gave the environmental interest groups a voice and influence quite unlike what they had had before."

Generalizations

"I have practically all the studies on power that have been conducted in the last 50 years and Europe--G.B. Hermansson's in Sweden and so on--have attacked important problems. In finding the power elite among individuals, our main thesis is that we are dealing not so much with the exercise of power by persons as we are with organizations.

"This applies not only to Norway. Even Wallenberg is Wallenberg first and foremost because he represents certain institutions. This is obvious when someone is replaced. A few years ago, the Norwegian LO [Federation of Trade Unions] got a new chairman. The new chairman quickly moved into all the positions his predecessor had occupied."

Recent decades have been characterized by the fact that special interest organizations have been growing stronger and stronger. The labor and business organizations alone have 3,500 full-time employees, compared to 2,730 in the respective ministries.

"Contacts between special interest groups, ministries, and parliamentary committees have increased. There is being formed what American researchers call iron triangles. The name comes from the fact that it is so hard for outsiders to penetrate a triple alliance of that kind."

The business community often complains that it is poorly represented in Parliament, and over 90 percent of the big firms feel that government authorities often make decisions without consulting those concerned in the business community.

But the Investigating Committee on Power shows that the business community is not at all underrepresented in Parliament. And in those committees most important to it, it occupies a strong position. The strongest position was enjoyed by agriculture: of the Agriculture Committee's 12 members between 1973 and 1978, only one had no personal background in agriculture.

"There are getting to be more and more iron triangles, which means that problems of cooperation between them are growing bigger. The institutions concerned with the well-being of society as a whole have weakened in particular. This applies to Parliament and to some extent to the government.

"A splendid example of this, naturally, is inflation, which our system of society seems incapable of dealing with. In recent years, we have seen how small groups in key positions--for example, air traffic controllers and petroleum workers--have been able to push through wage conditions that far exceed what is possible for the broad mass of workers. The latter are not willing to sit by quietly, and the result is a more troubled labor market and a higher rate of inflation.

"During the wage and price freeze introduced in 1979, they all kept quiet in relation to each other, and as long as the freeze lasted, most people were content. The wage and price freeze was supported by 82 percent of the people, according to an opinion poll, and 60 percent wanted to see it continued in 1980. Despite that big majority, the freeze was lifted. One important reason was that the labor and business organizations wanted something else. Their existence depends on making demands and opposing demands. As citizens, therefore, we can have strong interests without it being possible for the institutions we have established to pick up on them."

Not Enough Time

Those that rule are also finding their job increasingly difficult as society becomes increasingly complicated and confused. Forty-six percent of the members of Parliament admit that they do not have enough time to keep up with developments in the areas for which they are supposed to make laws.

"One of our main theses is that even though government involvement is increasing, this has not led to greater control. The politicians often yank on strings that are not attached to anything at the other end."

One example is the allocation of government funds to municipalities to compensate for differences in revenues. One survey conducted by the Investigating Committee on Power shows that 70 percent of the population believes that its municipality receives approximately the same subsidy from the government as other municipalities. A later survey shows that in fact, government money often serves to accentuate inequities. It is the municipalities with the most resources that are able to find out which subsidies can be applied for.

"We now know a little more about the effects that decisions can have, but the total effect of all decisions is unpredictable. What we know for certain is that there are a number of decisions that do not result in any changes at all."

"Patriots"

Gudmund Hernes takes as an example the criticism that recruitment for the administration is distorted. The Investigating Committee on Power shows that the higher social groups are clearly overrepresented and that 90 percent of those working in the ministries have lived in Oslo for most of their working lives.

"But the new people taken in very rapidly become 'patriots' as far as their institution is concerned," he says. "They are colored by their new environment before they have time to influence it. The women we interviewed do not have opinions that differ to any appreciable extent from those of all the other employees."

Another myth exploded by the committee is that people's campaigns are the grassroots way of expressing oneself.

Hernes says: "It turns out that it is the best educated and the best organized who take part most often. For example, members of Parliament participate much more than others, and at the same time, they are the ones most skeptical of information from such campaigns. And it is not the Left that participates most often. If we take the postwar period, we see that it is the conservative and religious campaigns that have had the greatest support."

The biggest campaign of all was one in the 1960's that was aimed at preserving the place of Christianity in the schools. That drive collected 750,000 signatures. The next biggest was a drive in 1948 against the distribution of contraceptives to the Norwegian brigade in Germany. It collected 450,000

signatures, or twice as many as were collected by the drive against Norwegian membership in the EEC.

In its 10 years of activity, the Investigating Committee on Power has produced 100 working reports that will result in a total of 16 books, and even so, there is enough material left over to keep the report in the headlines for many years to come, according to Gudmund Hernes.

Norway's Conservative government is now working on its own document, based on the work of the investigating committee, that it will submit to Parliament for debate. Politicians like the Labor Party's Sissel Ronbeck requested a constitutional debate.

She says: "The Investigating Committee on Power shows that Parliament is becoming increasingly just one advisory body among others, whereas at one time it was the highest decisionmaking body. The distinction between politicians and the administration is becoming blurred, and the result may be that the whole lot of us will become 'politocrats.'"

Sissel Ronbeck was a cabinet minister in the previous government, so she has experience both in the government and in Parliament. She is also the only one to have come up with any specific proposals as to how political power can be strengthened.

"Why shouldn't government officials be able to circulate more than they do? That would help break down sectional thinking. The workload for members of Parliament is almost incredible, so each member ought to have a political associate; that would provide more opportunities for studying alternative solutions. A large number of trifles have got to be steered away from Parliament, and the committees should be set up to include others besides experts in that particular field."

Sissel Ronbeck says: "All of this is only a proposal. The labor movement has traditionally been terribly interested in power when people and money have been involved. The Investigating Committee on Power points to a new kind of power, and that ought to act as a stimulus for becoming familiar with the problems."

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POLITICAL

NORWAY

PAPER ATTACKS KRISTIANSEN'S MEETING WITH LEBANON FALANGISTS

Oslo DAGEBLADET in Norwegian c Apr 82 p 3

[Editorial: "Kristiansen's Solo"]

[Text] It is a strange solo that Kåre Kristiansen is performing in Middle Eastern politics. First he sets himself apart from official Norwegian policy on Middle Eastern questions, a policy backed by all the other parties represented on the committee of which he is chairman. Then he goes to a falangist conference in Beirut and allows himself to be presented as chairman of the foreign affairs committee of the Norwegian national assembly.

Since that introduction he has been participating, in a way that, to say the least, is likely to be misinterpreted, in the formulation of resolutions by the conference that are in direct conflict with Norwegian policy. One of the resolutions, for good measure, is a violent criticism of the UNIFIL [expansion unknown] force in which 1,000 Norwegian soldiers are doing a dangerous job in the service of the United Nations.

Kristiansen's trip to Beirut was not discussed in the foreign affairs committee, nor by his own party, and neither with the prime minister nor with the foreign minister. It is a good thing for Norwegian politicians to get out into the world, but this seems silly, poorly prepared, and not very well thought out.

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PAPER VIEWS ISSUES, PERSONALITY CONFLICTS IN CHRISTIAN PARTY

Oslo AFTENPOSTEN in Norwegian 6 Apr 82 p 2

[Editorial]

[Text] The process the Christian People's Party is now in the midst of with regard to clearing up the question of participation in the government is described by the party leadership as "a positive and forward-looking debate." We wonder whether "tug of war and serious conflicts" would not be an equally fitting description of the activity that is now unfolding all around the county and local party organizations. Will the Lynsberg resolution concerning an ultimatum on the abortion issue hold up, or will the party opt for a coalition government? The formal decision will be made by the Christian People's Party congress a year from now. But viewed realistically, it is now and in the coming months that the internal conflict will be fought out.

One illustration of the conflicts that are making themselves felt may be gotten by studying Storting member Hans Olav Tungesvik's thinking aloud in recent times. In January Mr Tungesvik pointed out that there are limits to how long a responsible party can be without an opinion on what government constellations it is considering entering into. In that connection he advocated a reservation line, which would mean that the party congress could say yes to participation in the government, that the party's Storting delegation should thus advance an alternative on the abortion issue, and that a defeat should be accepted.

Now, however, Mr Tungesvik has had second thoughts. The reservation line is not a viable strategy for the KRF [Christian People's Party] after all, at least for the foreseeable future, he says in an article in the party organ AFTENPOSTEN last week. Only in an independent position does the party have the chance to stand up for its causes, and it is here that the vision of the party's future in Norwegian politics looks up in earnest. We run the risk of blurring our profile, Tungesvik writes. A similar internal conflict is thus illustrated by one and the same person in a matter of a few months.

But the "tug of war" indicated have their advocates, and they are watching the "temperature" closely. That is why the temperature can quickly rise. The internal conflicts that in this chairman or a parliamentary leader, or in other party members that, seen in isolation, appear to be commonplaces.

What we are witnessing is a conflict at several levels and with several elements. The fight about the chairman's post is also a part of the picture. Kåre Kristiansen and Kjell Magne Bondevik are regarded by the party's grassroots as representatives of two different wings, and neither of the two seems ready at the moment to take himself out of the running.

The conflict is also participated in by groupings that are always dreaming of a so-called reinforced center and that make use of every situation to weaken confidence in the Conservative Party. Similarly, there are groups that threaten to split off to faith in the Bible and strongly rightist-oriented movements of the Operation Scandinavia type if a compromise is entered into on the abortion issue.

But the principal question the party is faced with can be formulated as follows: Shall the party be concerned with striving for the greatest possible power and influence in order to get its whole program carried out, or shall its rôle be defined as "the salt of the earth and the light of the world"? Only the party itself, of course, can give the answer. But if the directing bodies of the party land nearest the latter alternative, there is a great deal to indicate that there has been a miscalculation--and a fateful one--in regard to the views that are making themselves felt among the many voters.

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ONAINDIA, LERCHUNDI DISCUSS FUTURE OF BASQUE LEFTISTS

Madrid DIARIO 16 in Spanish 20 Mar 82 pp 6, 7

[Text] Euskadiko Ezkerra [Basque Left] opened its congress yesterday from the Tower of Babel of Basque political differences, which "is not insurmountable," said Onaindia. It arises from the confusion of language they put into the announcement of their congress, and they have as their basic objective what their strongman, Mario Onaindia, pointed out: "To unite the positive experiences of communism and socialism," although there is no doubt they lean more "toward Mitterrand than toward Marseille."

"Neither Leninism nor social democracy," a choice which recognizes ideological tendencies, but whose final composition may be "the creation of a Left capable of carrying out a program from a position of power in the Basque country." The image which has been presented of the internal struggle between former EIA [Basque Revolutionary Party] cadres and the PCE-EPK [Communist Party of Spain-Basque Communist Party] is doubtless one of the things Mario Onaindia and Roberto Lerchundi want to change. "Now we are a party, and neither ideological statements nor our legitimate aspirations to positions in representation of the new party have any foundation in the two former organizations." They claim that everything is interwoven now, and consequently the interview with DIARIO 16 was held alternately and with the two political leaders present throughout.

It is true that Mario Onaindia's candidacy for secretary general is practically assured. At this time Lerchundi would create some problems of rejection among the abertzale [patriotic] sectors of the party, but next year he would be accepted by all. The congress will decide whether the new Basque Left will continue to be "abertzale of the Left" or simply a "party whose aim is the building of a particular socialism which gives preference to the theme of nationalism."

In the first place, it seems strange that ideological sectors so disparate as the social democrats of ESEI [Basque Socialist Coordination Force], the Euro-communists of EPK or even some Leninist sectors of the EIA should align themselves to form an ideologically coherent alternative party.

For Mario Onaindia there are no problems, and he imposes limits on filling out the party with former members of the EIA; we remarked on this to both leaders. "It is logical. The EPK people have arrived at positions similar to ours through criticism of the traditional Left and the Russian experience," Onaindia says. "Our position has come from a very different experience, from criticism of the PNV [Basque Nationalist Party] and self-criticism of the ETA [Basque Fatherland and Liberty Group]."

"However, in any case, I do not believe there are any pro-Soviet people in our party; rather we have people who are trying to soften the harsh criticism of the members from the EPK."

Lerchundi has a further comment: "The pro-Soviets in the PCE-EPK were on both the Right and the Left. The first documents we drew up together stated only that we wanted to create a democratic and socialist strategy."

Definition

"We excluded social democracy, which in our experience neither leads to socialism nor is applicable in the present economic crisis in the Basque Country, and Leninism, which served to lead the industrialization process in semi-colonial countries but is not applicable in the Basque Country which is already industrialized."

Now, according to the two leaders, more positive positions have been taken. "There are no antagonistic positions between the parties on the political level," according to Lerchundi, "But there are different ideological positions which do not permit either communication or dialogue."

"The congress will define a basic ideological position, but anyone who considers himself a socialist, a communist or a social democrat cannot be opposed to that definition."

"Each one will continue to be what he wants, but we will all have a single political line, a single strategy, and we will endeavor to develop a struggle on the ideological level to unite the socialists and the struggle for the national freedom of the Basque Country."

These last few words of Roberto Lerchundi seem to confirm the interviewer's impression that both are seeking to imply that political differences have been cleared up.

It appears that Onaindia is the defender of the non-nationalist thesis, while Lerchundi continues to insist on remembering "the special characteristics of the Basque Country."

Not Pro-Soviet

There are even those who say that "the pro-Soviet elements of the new party say they remained with Carrillo, because it was precisely the assumption of a democratic strategy toward socialism, criticizing the concessions of the Third International and the Soviet model, that moved us to change."

"This does not mean that all those on Carrillo's side are pro-Soviets, but indeed all the pro-Soviets are with him."

Problems

Along this same line it appears clear that Lerchundi's followers have taken on completely some of the abertzale ideology of the EIA.

"We are all agreed that respect for the constitution does not bring with it the overall assumption of what the constitution means ideologically or politically.

"However, insofar as it is the standard which regulates the democratic process, we are defending it against those who would overthrow it."

"In addition, we agree with the analysis of the normalization of the country, the return of prisoners and exiles and the criticism of PSOE [Spanish Socialist Workers Party] and PSE [Spanish Socialist Party] actions after 23 February." However, he does not hide certain discrepancies concerning the handling of the national problem and the analysis of the situation which has arisen chiefly from the various political lines of the converging parties, although they say that none of the theses or reforms is defended exclusively by any one of the sectors. "Our former members are intermingled."

These differences are centered particularly on the ideological definition of the party which, for some, must continue to be leftist and nationalist, and for others, among them Onaindia and Lerchundi, is becoming a socialist party with special emphasis on national themes.

But it is not on this point alone that the two former strategies are attracting attention. One sector advocates a mild position toward the solution of the economic crisis, through dialogue with the government.

Others point out that confrontation of the crisis requires a position of resistance to take positions for negotiation.

Finally, among the chief discrepancies there is also the obvious union problem of both parties.

Many members charge that executive posts in the party and the union organization are incompatible, perhaps as a holdover from the old nationalist positions in this regard.

Lerchundi's sector insists that at least for a while union leaders of Workers Commissions can be permitted to hold their jobs simultaneously with representative positions in the party.

According to Lerchundi, "we all agree, however, that in the long run the incompatibilities must be accepted."

Drama

A certain resistance has been observed to analyzing the PCE crisis at the state level, although it is recognized that this crisis is basic to the existence of the new party.

Only a terse evaluation was obtained from Lerchundi who, when the "failure of the new Basque party to take a position" was pointed out, regretted the image presented by the PSUC [Unified Socialist Party of Catalonia]: "A party which was the model for all of us."

"The PSUC affair is a drama. We would like to have it return to its 1977 positions when it offered precisely as its basic premise the overcoming of the old antagonisms between socialists and communists."

And the leaders of the new party expect to address this point. Furthermore, Onaindia is not kidding when he says that "the socialism now being proposed by the Basque Left is ripe for exportation. In Mexico there is a new party with two definite sectors: one is called Eurocommunist, the other, Basque Left."

ETA

The subject of violence in the Basque Country cannot fail to be a basic element of study in any congress of a party with Basque roots.

For the two sectors of the Basque Left, confrontation of this violence comes exclusively from accepting the solution of the Basque Parliament, extending through democracy, through the process of autonomy, the cessation of violence by these armed organizations and the gradual granting of pardon."

Both leaders accept the possibility of dialogue with the ETA. "We should not discount dialogue with the ETA, although it seems very difficult, and it cannot be presented as a negotiation, but rather as an exchange of viewpoints." Onaindia thinks that "a negotiation with ETA (which appears difficult, almost impossible) would be good for everyone, if this negotiation offered the possibility of satisfying their claims and if it ends the violence."

But he believes that at present, "since the constitution and the Statute, with the political parties functioning normally, such a negotiation appears impossible." For Lerchundi, "negotiations between the central government and the ETA would presuppose recognition of the ETA's right to popular representation and, consequently, it would be opposed by all the parties which participate in the legal institutions."

"We, the parties, cannot renounce our capacity for representation." Both leaders emphasize the plan of the Basque Parliament.

"The only problem is that the PNV [Basque Nationalist Party] has no policy in this respect, and the PSOE and the UCD [Democratic Center Union] do not believe it. A solution is blocked by mutual party action."

Roson

In discussing this subject it is inevitable that Mario Onaindia should appear as spokesman for Roson. For the leader of the Basque Left, it is not a question of negotiations, but of an exchange of viewpoints.

"We limited ourselves to explaining our position to Garaicoechea, Felipe Gonzalez and Suarez. It was Suarez who took it seriously and voiced his concern to Roson, who also took it seriously.

"These conversations have become gestures of good will, and thus we are seeing a sector of the 'poli-milis' [political-military factor of ETA] who have accepted the truce, and Roson who has adopted measures to improve the conditions of the prisoners of that organization."

Onaindia also foresees the return of a sector of the ETA (poli-milis) to violent action.

"This sector has abandoned military and political principles to draw closer to the postulates of the military ETA. The 'milis' hope to obtain maximum popular support and negotiate later on behalf of the people.

"It is a linear strategy. That of the 'poli-milis' has been more sophisticated, defending the political parties and taking a position in favor of the democratic process and the Statute. Now that process has been consolidated; there is a Basque Parliament which is calling for the cessation of violence. So it would not be consistent to abandon the truce."

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FALLDIN IN TROUBLE AS COALITION STUMBLES TOWARD ELECTION

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 27 Mar 82 p 10

[Article by Werner Adam]

[Text] For the man who will be welcomed by Chancellor Schmidt as a state visitor next week, the political future is anything but rosy. It could be the last official visit as head of government for Sweden's Minister-President Falldin, leader of a country which, after summer vacations, on 19 September, will hold elections for a new parliament. Falldin's party, the Smallholders Center, according to recent polls, can still count on about nine percent of the electorate. The single coalition partner, the liberal People's Party led by Foreign Minister Ullsten, can no longer even count on 9 percent, but only a scant 7 and one-half percent, according to the same poll. What had been generally designated as the political center in Sweden finds itself caught in the pinchers of the Social Democrats to the left and the Conservatives on the right. As the parties responsible for a minority government, the Smallholders and the Liberals, ever since their break with the Conservatives a year ago, have been painfully limping along and can count only on the support of a scant third of the deputies in the parliament. At the same time they have become the symbol of the long-term grief of a middle-class dominance in the most thoroughgoing welfare state of Europe.

At first it seemed that a new era had been entered when the parties of peasant, liberal and conservative stripes had succeeded in the fall of 1979 in pushing the Social Democrats out of office after 4 and one-half decades of uninterrupted rule. Only 2 years later, however, Falldin allowed the three party coalition to break up through his stubborn resistance to the growth of nuclear power. With the tolerance of the opposition Social Democrats, the Liberals, the smallest party with the exception of the Communists, came to power until this necessarily difficult experiment in government came to a satisfactory conclusion with the general elections of 1979. At this election the non-socialist parties were successful once again, though only with the smallest possible margin of one vote, thanks to the relatively good showing of the Conservatives.

Nonetheless, Falldin, the real loser in the election, once again became head of a three party coalition, while the Conservative party chairman Bohman, as leader of the largest middle-class party, for "ideological reasons" had to be content with the office of minister of economics. Shortly after this, in an

effort to dispose of the embarrassing nuclear power question through a referendum, things became even more confusing among the parties. Together with the Communists, Falldin's Center Party took a stand in favor of demolishing the nuclear power plants. The Conservatives were fighting alone on a broad front for an unlimited use of this source of energy. The Liberals on the other hand joined with the Social Democrats in their demand for a phasing out of nuclear power--just as two additional nuclear power plants were being put on line--within a period of 25 years. The "line" of accommodation, a so to speak typical Swedish compromise, was accepted by the majority of the voters. The three governing parties, after their separate marches to the front, were now reunited and set about with renewed confidence to build a bulwark of a middle-class front against Social Democrat assault. But then came the "night of wonders."

Before a year had passed, the two smaller coalition partners, behind the Conservatives' backs, had concluded a tax policy agreement with the Social Democrats, which no one could determine whether it was to work to the advantage of the taxpayer or the insatiable treasury. The opposition Social Democrats, under the leadership of the till then hapless Palme, jumped for joy when they found all of their demands met literally overnight by the Smallholders and the Liberals. That the Conservatives felt themselves betrayed and sold out, was to be expected. Still, Falldin and Ullsten seemed to be much taken aback when the Conservatives drew their own conclusions and withdrew from the government. For the second time the middleclass coalition had fallen apart without the opposition having had to lift a finger.

Since that time the opposition has comprised a good two-thirds of all the members of Parliament. The drastically reduced governing coalition has only been able to hold its ground because its opponents, the Social Democrats and the Conservatives, are the real heavyweights of Swedish "block politics," since tolerated the weak team of Falldin and Ullsten from mutual aversion and with an eye to the approaching general elections. In the light of the background to this middle-class tragedy it would be something approaching a miracle if Palme should not succeed in returning to power after this third electoral race. Yet if this miracle should occur and if the Conservatives should succeed in making up the votes expected to be lost by the Smallholders and the Liberals, the new Conservative party chairman Adelsöhn could have a chance at the post of vice-president of a nonsocialist coalition.

One of the earlier failure of the three middle-class parties to stick together as coalition partners cannot be put upon the shoulders of the present administration alone. It must also be attributed to the lackluster behavior under the leadership of Ullsten, which, when in doubt, had consisted of a tailing off the demands of the Social Democrats and against the Conservatives. Ullsten, who has a with a good streak of peasant craftiness, is basically the same old man who once more a "Swede" than Palme, who is far better known abroad. Palme has generally caught the short end in any debates with the head of government on social and economic policy. Nonetheless, Falldin, after his last visit to Bonn, will be headed for an election contest which is likely to be a bitter one for his party.

VPK DEFECTOR KAGESON: PARTY UNDEMOCRATIC

Stockholm NY DAG in Swedish 1 Apr 82 p 2

[Article by K.M.]

[Text] "Of course we regret that Per Kageson is leaving our party. But we also hope to continue cooperating closely with him in the struggle to improve the environment and eliminate nuclear energy." So says Bo Hammar, secretary of the VPK [Left Party-Communists].

Per Kageson is a writer and a well-known environmental debater. He is an active opponent of nuclear energy, and before the referendum, he was one of Line 3's campaign leaders.

At the latest VPK Congress, in November, Kageson took an active part in the discussion concerning the statement on democracy. He now says he is leaving the VPK because of disappointment that the party has not "broken with the Soviet Union and Eastern-bloc communism."

Bo Hammar says: "Kageson himself has said that he does not want any public controversy. I would like to point out, however, that he does not seem to have understood at all how much the party--through its latest congress, as one example--has developed its attitude toward the socialism in democracy and freedom for which we are struggling. That also characterizes our approach to international relations."

Bo Hammar says: "Ignoring other points of comparison, Kageson's accusations against the VPK actually remind one of Hans Ericsson's and Bjorn Gillberg's charges against the SAP [Social Democratic Labor Party]. They all accuse their former parties of lacking credibility on questions of democracy. Their charges against both of the workers parties are obviously completely unfounded."

Another writer who has also left the VPK is Arvid Rundberg. Judging from his articles in the newspaper NORRSKENSFLAMMAN, Rundberg's criticism of the VPK is the exact opposite of Kageson's.

"More important than Per Kageson's departure is the fact that our party is taking in many new members at the moment. Several hundred have joined the VPK since the end of last year to struggle for a victory by the Left in this fall's elections.

SDP, CENTER PARTY WEIGHING POSSIBLE COALITION AFTER VOTE

Stockholm 7 DAGAR in Swedish 2 Apr 82 pp 5-7

[Article by Leif Dahlgren]

[Text] If the Social Democrats win the election this fall, they will form a coalition with the Center Party during their time in office. That is being said today by a Social Democratic ideologist who is very close to the party leadership.

"If we win, we will obviously form the government alone. We will not invite the Center Party to join a coalition government, but if Nils Asling or Anders Dahlgren shows up at the Chancery in November and says 'we want to reach an agreement,' there is no intrinsic reason why we cannot enter a 'red-green' coalition."

At the same time, a Center Party minister says: "The Center Party is not driven by any 'hysteria about blocs.' We are open in all directions."

There is increasing pressure on the politicians to make a vigorous effort to resolve the country's situation of economic crisis. The narrow parliamentary majorities preclude the broad solutions that are required. The business community is applying pressure, as are the citizens. Public opinion polls show that the voters want the boundaries between the blocs to be ignored in order to resolve the crisis. The ground is prepared for piercing the sacrosanct boundary between the blocs in order to solve the problems of the 1980's, despite tough words about "choosing systems" and "employee funds."

If the Social Democrats win this fall's election, Sweden will see a new government coalition a few years later between the Social Democrats and one or both of the middle parties. That new cooperation between nonsocialists and the Social Democrats will be forced into being by the country's extraordinarily harsh economic state.

Many political observers both inside and outside the parties are unanimous on that point today, although reservations are expressed: "Anything can happen in politics, of course."

But many people are saying that even if this fall's election produces a non-socialist majority, our exposed economic situation will force "another style of politics" into being. According to one top-ranking Social Democrat, the first step in clearing the way across the walls separating the blocs in Swedish politics was taken with the tax compromise between the SAP [Social Democratic Labor Party], the CP [Center Party], and the FP [Liberal Party]. Regardless of how the election turns out this fall, the winning side will presumably have a narrow majority. The really tough struggles in the Swedish economy--and so far we have seen only their beginnings--are going to require some sort of cooperation between the blocs. As the saying goes, "no one can govern if he is opposed by 50 percent of the people." The pressure from public opinion is increasing: there must be cooperation across party lines.

What do the various combinations look like?

Broad Agreements

If the Social Democrats win this fall, a government will be formed immediately. There will be no question of a coalition to begin with. But after 18 months or 2 years--in plenty of time before the next election in 1985--the party will have entered a regular coalition with the Center Party. There is unanimity within the Social Democratic Party on that point.

A coalition with Ola Ullsten's Liberal Party is "in no way appropriate."

"But the Center Party cannot enter a direct coalition with the Social Democrats this fall. Perhaps along about 1983," says one well-informed member of the Center Party.

A well-informed Social Democrat comments: "One condition in such a case would be Falldin's resignation." And he mentions the antagonisms between Olof Palme and Thorbjorn Falldin, but also points out that it is hardly likely that a politician who has been prime minister for 6 years will want to accept a ministry in a coalition government. The Social Democrats also point out that it is easier for a one-party government to reach agreement with the parties around it than it is for three parties to first agree on a joint solution among themselves and then seek agreement with the Social Democrats.

"More Shabbiness"

Today the Center Party's leadership is fully aware that the party must remain completely open to every alternative. For the middle parties, the nightmare situation in this fall's election would be for the Conservative Party to win more votes than the Center and Liberal Parties combined.

"Although," as one Liberal Party member close to the top leadership says with resignation, "that is still the most probable situation of chaos imaginable to many people."

In the Social Democratic leadership, there is no talk of coalition for the present. Its sights are set on "giving the nonsocialists a thrashing for all

the mess they have made." As far as the Social Democrats are concerned, the preliminary exercises leading up to the election campaign have progressed nicely, to say the least. For one thing, the SAF [Swedish Employers' Confederation] campaign against employee funds never got past the threshold because news of plans for "more shabbiness" in the campaign leaked out of an SAF meeting. For another thing, the quarrel over the qualifying period came as a gift from on high.

The Social Democrats are holding the door wide open for continued discussions on how the funds should be set up. On TV 1's "Bearings" program devoted to employee funds, Kjell-Olof Feldt obstinately refused to commit the party in the slightest way to the idea that the funds would definitely be established in the event of a Social Democratic election victory. The Social Democrats are trying hard to show the business community that the fund danger is not so great. They say: "There is also a day after 19 September, you know," and they claim that there is considerable good feeling in the business community--especially among small businessmen--for some kind of fund sometime in the future. But the agreement must be "broad-based," and by that is meant that not only the business community but also the TCO [Central Organization of Salaried Employees] and the LO [Swedish Federation of Trade Unions] must accept the design of the fund--the shape it will take.

"Take Charge of the Miserable Situation"

What the Social Democrats are debating today is a "soft start" in the form of nothing more than a profit sharing system. That is considered necessary in order to avoid a big quarrel with the LO in the wage negotiations. Real wages for the wage earners have dropped by about 10 percent since 1976, and another 2 percent is already committed to the employer payroll taxes that will finance the tax reform. The SAP considers it inevitable that profit sharing will be part of the wage negotiation. The money may go to the fourth or fifth AP [National Pension Insurance] Fund.

In the strained economic situation, it is vital for Sweden to have a peaceful wage negotiation.

The Social Democrats know that the popular demand that the Swedish economy be straightened out is inarticulate for the moment, but that it is certainly going to grow.

One Social Democrat close to the party leadership says: "We will have to take charge of the miserable situation together with the middle parties, while keeping the Conservatives out."

A Social Democrat in the "think tanks" surrounding the party says: "The Liberal Party travels over the political spectrum so fast that its value as a cooperating partner has been watered down to nothing. This Social Democratic crew will never make up with the Liberal Party after all we had to endure in 1978 and 1979."

"Ohlin Syndrome"

And the "Ohlin syndrome" still exists within the SAP as well: the memory of Bertil Ohlin's skillful and persistent criticism of Social Democratic administration over a 20-year period.

The Social Democrats have a much stronger tie with the Center Party, which many of them regard as a "second party." Even though the Center Party has "steered to the right" since 1976, and even though Thorbjorn Falldin has a basically conservative attitude on most points, the SAP remembers the cooperation with the Agrarian Party in both the 1930's and the 1950's during the "red-green coalitions."

Today the Center Party is in crisis. It has about 11 percent of the vote, whereas in the 1979 election it had 18.1 percent. It must move up to at least 12 or 13 percent, and even that would be painfully short of the 1979 figure. If the Center Party comes in at around 10 or 11 percent, which is where it stands today, Falldin will have to consider whether he can stay on as party leader.

The quarrel over the qualifying period turned into pure catastrophe for the Center Party, which is trying to win understanding for the policy it has pursued. So far it has been unsuccessful with that information problem. Falldin is hoping that "decency will carry the day," as he said in an interview.

"Center Party's Ingvar Carlsson"

One party veteran sighs despairingly: "But someone has to set the pace for decency! We must put the qualifying period in its context, but we are failing to do so."

The Center Party is at a dead end--it has no "big" issue with which to go into the election. All it can do is ride its record in office: "We have taken the harsh steps needed for starting to put the country on its feet again."

One top Social Democrat says: "The Center Party is the most important party in the election campaign."

But if there is to be agreement on cooperation in the government, the Social Democratic attitude is that Falldin must resign, chiefly because of his "excessively conservative views on economic policy." Another condition for a government coalition is that the Social Democrats will somehow have to neutralize the issue of employee funds--despite LO protests--perhaps, as one example, by delaying the matter for further study: "We are setting the section on county funds aside for the time being, until we can see a little further into the 1980's."

Who will succeed Falldin if he decides to step down?

A few years ago the answer was obvious: Karin Soder. But political observers now feel that Thorbjorn Falldin's chief armor bearer is bleeding to death in

the Center Party's defensive battle on the issue of the qualifying period. As minister of foreign affairs, Karin Soder presented a strong profile. She is "the Center Party's Ingvar Carlsson": conscientious, unswervingly loyal, and highly ethical. Now she is being crushed by the quarrel over the qualifying period. One admirer in the SAP says: "She is a real champion who fights until she's dead. Perhaps she will get to her feet again, but she is probably on the way out. Too bad, because she is less conservative than Falldin and not entirely unfavorable to a new red-green coalition."

It will be Nils Asling or Anders Dahlgren who succeeds Falldin.

As the Center Party's electoral base has shrunk, the power of the "Agrarian Union people"--the farmers--has increased, since they constitute the Center Party's elite troops, and Asling and Dahlgren are their men.

"And That's the End of That"

The biggest headache for the nonsocialists today is the question of who will be prime minister if there is a new three-party coalition--if there is a non-socialist victory on 19 September.

"I refuse to discuss the question of who will be prime minister, and that's the end of that!" shouted Conservative Party leader Ulf Adelsohn at a press conference last Tuesday after he had paid a visit to the "Kumla bunker."

The middle parties can never accept Adelsohn as prime minister. If the Conservatives win bigger than the Center and Liberal Parties combined and have a Conservative majority in Parliament, the middle parties will really be forced to pursue "Conservative policy" instead of the policy of cooperation required by the economic situation.

If the middle parties win bigger than the Conservative Party, they can continue to govern--and perhaps seek support from the Social Democrats. But the Conservatives could scarcely allow such a thing. The government would fall, and there would be a new election.

A safer bet would perhaps be that--following tough negotiations concerning the post of prime minister and a tax agreement, naturally--there would be a new three-party coalition under "Falldin IV."

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EVREN REACTS STRONGLY TO COUNCIL OF EUROPE DECISION

Istanbul CUMHURIYET in Turkish 1 Feb 82 pp 1, 11

[Text of televised statement by Head of State General Kenan Evren]

[Text] Ankara (CUMHURIYET BUREAU)--Head of State Kenan Evren said, "Turkey henceforth will brook no attempt to interfere in its internal affairs and will not accept efforts in this direction by the Consultative Assembly of the Council of Europe as an item on the agenda for Turkey."

In a televised speech yesterday Head of State Kenan Evren announced that relations with the Council of Europe would henceforth be shifted to the committee of ministers and delegates in which governments are represented. Evren stated that relations with the Council of Europe would be adjusted according to the attitudes of the governments and said, "Certain of these governments should know that if their interest in developments in Turkey turns into interference in our internal affairs, our reaction will be firm and decisive."

Head of State Evren's speech follows verbatim:

"Alongside the variety of vital problems in which Turkey has engaged the outgoing struggle of our great nation for day-to-day survival, as you have watched both on radio and television and in the press, since the 12 September operation, the problem of the Council of Europe and relations with it has also introduced itself, bringing up the question of fundamental human rights and freedoms in the public opinion of friendly European nations and attempting to brew an artificial tempest in a teacup against Turkey.

"I cannot move on to the basic purpose of my address without first giving some brief information to my fellow citizens about the goals and efforts of the Council of Europe which are watched by our nation and all fair-minded nations and in which is rooted this behavior which, against all concepts of friendship, does not comply with the rules and seriousness of international relations, strains the civilized bounds of patience and has begun to take on a virtually enemical character.

The Council of Europe was established on 5 May 1949 by those Western European states which had learned the painful lessons of World War II for the purpose of strengthening the concept of European unity and thus to preserve and

disseminate the ideals and principles which are the common heritage of its members, to facilitate their advancement in cultural and legal areas and their access to one another and to create closer cooperation among the members.

"European nations having the democratic parliamentary regimes to enable realization of this goal may join the Council of Europe. The Council now has 23 members.

"Turkey, with its belief in democracy and respect for human rights and the fundamental freedoms throughout the history of the Republic, has been one of the Council of Europe's most sincere members, intrinsically committed to its goals since its inception.

"The Council of Europe consists essentially of a parliamentary organ, the Consultative Assembly, and an intergovernmental organ, the Minister's Committee.

"This Consultative Assembly consists of representatives elected by the parliaments of the member nations or by a method which their parliaments designate. In this way, the representatives sent by national parliaments make up a delegation consisting of parliamentary members belonging to the political parties represented in the home parliaments and representative of the number of seats held by those parties in the home parliaments. We may comfortably say that however prolific the political parties having various ideologies and political trends of the member nations' parliaments, such are the representatives and opinion which shape the Council.

Uninvestigated, Unquestioned

"So my beloved citizens: Some of these members of the Council of Europe Consultative Assembly--who accept under article 3 of the Statute the principle of supremacy of the law and the principle that every person in the country benefits from human rights and the major freedoms and who, unshakably committed to these intellectual and moral values, believe in the need for forming close unity between member nations--chose to remain silent and inactive, indeed disinterested, while the acts of terrorism and violence, supported and directed by international terrorism and foreign agitators who wished to see Turkey torn apart, bathed Turkey in blood from end to end, while the average of almost 20 people a day who were slaughtered mindlessly in the streets went uninvestigated and unquestioned, while our citizens were deprived of the right to security of life, the most elemental right, while seeds of hatred and discord were sown among our people, in short while the Turkish state was being dismantled. However, once 12 September, when the murderers of more than 5,000 of our citizens who lost their lives and the traitors who took it upon themselves to destroy the existence and integrity of our state and our nation are accounting for their deeds before the independent and just courts of Turkey, these friends of ours launched an effort to have this assessed as a grave violation of human rights and the fundamental freedoms under article 8 of the Council Statute and to convince themselves first of all that this was the case.

Post 12 September

"On the other hand, following 12 September our administration thought it appropriate because of our sustained belief in the ideals and principles of the Council of Europe that all of our representatives except those not otherwise hampered [as published] participate in the deliberations of the Council of Europe Consultative Assembly despite the obligatory dissolution of parliament and the abrogation of their capacity as parliamentarians of those who had been elected as representatives to the Council of Europe and made it possible for them to remain at their posts until the May 1981 Council working session.

"Despite the fact that for the same reason Turkey had no representative on the Consultative Assembly after that date, it made no attempt to pull out of the Council on the strength of article 7 of the Council Statute. In response, certain members of the Council of Europe Consultative Assembly with known political proclivities have kept a question such as whether Turkey should retain its Council membership constantly in debate in the Council Committees and General Assembly ever since 12 September and by doing so have prompted a variety of anti-Turkish propaganda in both European and Turkish public opinion and attempted to weaken the national administration in Turkey which enjoys the broad support of our great nation.

Human Rights

"Members of various committees and subcommittees have come to Turkey to date in connection with this. The administration has accorded them broader facilities than they would encounter in any other country and they have obtained any information they wanted from the highest officials. Despite this, there has been an attempt to show Turkey as a nation which violates human rights and the principle of supremacy of the law and thus, by insisting on such possibilities as Turkey's expulsion from Council membership or suspension of its right to representation on the Council, they have spoken and acted in such a way as to overshadow our sincere efforts to achieve the goals of 12 September, indeed such as to constitute interference in internal affairs of vital importance for Turkey. If one looks at all the trouble these members have gone to get the Council Consultative Assembly to pass a resolution recommending Turkey's expulsion from the Council, there can be no doubt of their prejudice and premeditated bias that Turkey was in grave violation of article 3 of the Council Statute. All sensible people will appreciate the fact that the Turkish Armed Forces' 12 September operation was an unavoidable intervention, not by way of repudiation of human rights and supremacy of the law, but which on the contrary considering the morass into which they had sunk prior to 12 September was the only remedy for escape in a situation of unparalleled danger in which all fundamental rights and freedoms were gravely threatened, primarily the right to live, in which parliament had been paralyzed and destruction of the very existence of the nation and the state had begun. The purpose of this operation was to quickly restore a parliamentary democratic system of government with respect for human rights and the fundamental freedoms. Today, we have come a long way through the undeniably serious, sincere and solid efforts toward these goals. This being the case, the premeditated efforts to separate Turkey completely from the community of the

Council of Europe of which it is a member cannot be explained in terms of feelings of friendship towards the Turkish people, the Council Statute or the de facto and legal situation in Turkey.

Turkey's Mission

"Besides, Turkey has not sought to send a representative to the Council of Europe Consultative Assembly until the new parliament is formed through the general elections which will be held subsequent to drafting the new constitution and its approval by referendum and thus Turkey's mission at the Council Consultative Assembly has been curtailed in practice.

"Visits were made to Turkey with no understanding of the essential period of transition which began in Turkey on 12 September or the conditions which bred it, anti-Turkish speeches were given before and after the Turkish visits, proposals were drafted and, above all, influence was exerted to prevent Turkey's accomplishment of the 12 September goals; in other words, proposals and resolutions were adopted plainly tantamount to interference in Turkey's internal affairs, and thought must be given to the fact that it will never be possible for the Turkish nation to accept this.

"As you know, the Council of Europe Consultative Assembly had again put the Turkish question on the agenda in recent days. After great struggles and significant clashes of opinion, it adopted a resolution of recommendation.

"These latest debates revealed that the question had been diverted from concern over Turkey's restoration of democracy, with topics being broached which had nothing whatsoever to do with the process of setting the democratic institutions on a sound foundation. Certain parliamentarians attacked Turkey with a violence grounded in existing disputes between their countries and Turkey rather than their commitment to democracy. As a result, a resolution was adopted profoundly contradictory, not just to the ministers, but to the impressions obtained and the conclusions reached by the last delegation from the Consultative Assembly. It is evident that we cannot be a party to this resolution adopted by the Consultative Assembly in the absence of Turkish representatives.

"It is necessary to point out vis-a-vis this prejudicial, biased and negative behavior on the part of certain representatives in the Council of Europe Consultative Assembly of states we believed to be our friends that Turkey is resolved that it will brook no attempts to be undertaken henceforth to interfere in its internal affairs and will not accept the deliberations along these lines of the Council of Europe Consultative Assembly as relevant for Turkey. As of this moment, the focal point of our relations with the Council of Europe is shifted to the Committee of Ministers and Delegates in which governments are represented. Our relations with the Council of Europe will, naturally, be adjusted according to the attitudes henceforward of the governments. Certain of these governments must know that if they convert their interest in developments in Turkey into interference in our internal affairs, our reaction will be firm and decisive.

Devotion to Independence

"In the course of our efforts whose goal is to determine the measures necessary so that Turkey may never again return to the conditions prior to 12 September 1980 and in which the existence of our state is at stake, the task of overseeing and safeguarding the restoration of the democratic institutions in our country, including political parties and trade unions, and respect for human rights is one which the Turkish polity--utterly devoted to independence long before our European friends, whose roots in civilization extend to the dawn of time and which holds human dignity above all values--took upon itself long before our European friends.

"All members must be fully aware of this: Turkey is not a state that will brood over the results which the resolution adopted may bring, that will deviate from its national goals or compromise its honor and sovereignty.

"If this purity of heart and sincerity of effort that we have exerted in order that our friends might see and understand in the clearest possible way the interior face and reality of events in Turkey are not sufficient, then we can see no remedy for such as they other than henceforward to leave them to their own judgment. It is evident that these attitudes and acts of these members who wish to cast aspersions on Turkey are open to an interpretation such as encouraging and supporting the foci of international terrorism and violence in anti-Turkish acts. The series of assaults on members of Turkish missions in foreign countries, including the one in Los Angeles on Thursday, is proof of this view.

Constitution

"Another matter that I thought it well to stress in this context is the polemic over the contents of the Turkish constitution now being drafted which certain members of the Council of Europe have raised. Judgment of what kind of constitution it is necessary to have is not, in any case, up to the members of the Council of Europe and it needs no explanation that the Turkish people will decide for themselves.

"I would like to recommend openly to these distinguished members that they direct this interest extending to the dimension of interference in Turkey's internal affairs toward the particular problems of their own countries, that they take effective measures to prevent the terrible acts of international terrorism in their countries and that they muster the courage and conviction in their own countries so that right and justice will prevail over international terrorism, which has become the disgrace of mankind at the end of the 20th century.

"The roots of democracy in Turkey are far stronger than certain nations which stand as our critics today. If those who attack us in a period of transition in order to bolster their own weak democratic structures believe that they will grow stronger in this way, I would point out that they have fallen into historic error. The climate of faith in the future existing in Turkey today reflects the political maturity of the Turkish polity based on past experience, its commitment to the substance of democracy, its quest for a stable parliamentary regime and its confidence in our administration."

SIRMEN EYES IMPACT OF EVREN'S BULGARIA TRIP

Istanbul CUMHURİYET in Turkish 26 Feb 82 p 3

["The World Today" column by Ali Sirmen: "A Visit"]

[Text] Head of State Kenan Evren has begun his Bulgaria trip which he postponed earlier because of his spouse's state of health. According to reports from Sofia, the Bulgarian authorities showed the importance they attach to this visit by their attitude during the greeting ceremonies.

During the Cold War, as a result of the one-sided foreign policy of the administration of the time, Turkey went beyond the stipulations of that war and shut itself off from its neighbors. Perhaps it was for this reason that İlhan Selçuk's book on his visit to the Soviet Union had a title that symbolized our relations with our neighbors: "The Distant Neighbor." It was true that in the years before the Cyprus crisis peaked all our neighbors except Greece were distant neighbors.

The years when detente became the dominant policy around the world coincided with the period when Turkey began realizing the great drawbacks of a one-sided foreign policy. These two factors provided an impetus for efforts to put Turkey's foreign policy on a multilateral track, and such efforts by successive governments have affected Turkish-Bulgarian relations.

These relations were initiated by [Bulgaria's State Council Chairman Todor] Zhivkov's visit to Turkey in 1968 and were expanded over a short period of time. Trade between the two countries rose from virtually nothing at the beginning of the 1970's to \$150 million per year at the end of the decade.

Head of State Evren's visit to Bulgaria comes on the footsteps of such developments. Today, Bulgaria is undoubtedly the most stable country in the Balkans economically and politically and ranks first in the Balkans in terms of annual per capita income. With such an economic structure, Bulgaria's offer to its neighbor, Turkey, to undertake joint export enterprises will possibly produce beneficial results for both Sofia and Ankara.

Bulgaria's offer to sell agricultural machinery and fertilizers to Turkey to help raise Turkey's agricultural production and then to market jointly the products of the two countries in certain proportions to Middle Eastern countries is an important project that must be given appropriate attention.

Such joint enterprises by developing countries produce beneficial results both for themselves and for the countries that act as markets. Bulgaria as well as Turkey will gain from this partnership. Bulgaria has a developed and industrialized agricultural structure. Turkey, on the other hand, has the potential to produce far more than it does today on its extensive arable lands. Furthermore, by increasing its export opportunities in Middle Eastern markets in the last few years, Turkey has been gaining experience in this field even though that process has been slow.

We hope that Head of State Evren's visit to Bulgaria will, while strengthening the neighborly and friendly relations between the two countries, help the maximum utilization of the economic possibilities.

It is interesting that this visit comes at a time when tensions are once again rising around the world.

Moreover, it is well known that under these conditions Washington has new plans designed for Turkey. The fact that Ankara does not seem to be intent on going along with these wishes does not mean that Washington has abandoned its intentions. Furthermore, after Turkey abstained on the UN General Assembly resolution on Israel's decision to annex the Golan Heights, serious doubts were raised in various circles on whether Turkey will continue its multilateral foreign policy line.

While this is the way events have been developing--or, at least, this is the way events seem to be developing--Greek Prime Minister Andreas Papandreu, who has taken a decidedly anti-Turkish line, has been trying to push Turkey into isolation by developing his relations with the countries of the region and by consolidating his multilateral foreign policy.

Clearly, relations between countries cannot be changed by the unilateral actions of one politician. Turkey cannot be pushed into isolation just because Papandreu wants it. If Turkey demonstrates that it has no intention of changing either its multilateral policy line or the stance it has so far maintained within NATO, and moreover, if it proves that it wants to expand its multilateral foreign policy even further, then Papandreu's tricks will fail. Because no country will discount Turkey simply in order to develop its relations with Greece.

We believe that Head of State Kenan Evren's visit to Bulgaria will dispel what we think are false rumors to the effect that Turkey's domestic and foreign policies are being changed in favor of the United States.

9588

CSO: 4654/212

SELÇUK LIKENS ARMENIAN MOVEMENT TO ZIONISM

Istanbul CUMHURİYET in Turkish 1 Feb 82 p 2

[Article by İlhan Selçuk: "Armenian Zionism"]

[Text] The title may seem contradictory to most people, meaningless and facetious. That is what I wanted--something to catch the eye.

Zionism is an exclusively Jewish concept, taken from the famous Mt Zion in Jerusalem. The gathering of world Jewry in the "Promised Land" and building Solomon's Temple on Mt Zion are the ostensible salients of the ideology called "Zionism." This ideology is based in one respect on obscure historical prophecies, but in reality it is tantamount to a Middle East base for international capitalism, its launching pad against oppressed nations. In fact, Zionism has achieved its purpose: the establishment of Israel. Israel is an artificial, religious, militaristic, imperialist state which gets its economic strength from the United States and the West. Just recently Ariel Sharon, the minister of defense of this state, firmly announced:

"Israel's lack of strategic territorial depth makes the establishment of a defense system necessary. The areas where establishment of this defense system is necessary are the regions with dense Jewish populations; that is, the Jewish settlements in Jordan, Golan, Gaza, Galilee and the Negev. The area of Israel's strategic interest ought to include Turkey as well."

This is a state established in 1948 looking upon Turkey as a bastion of imperialism.

The source of Zionism before Israel was established was America, France and Britain. Action originated with "Savesiyon" in the United States and Yisrael in France. The large banks, companies and monopolies of capitalism provided the monetary support; the capitalist states led by America knew how to make the most of Zionism as a part of the imperialist offensive against the Islamic world.

The results are in and the goals considered a dream yesterday are a reality today.

The anti-Turkish activities of the Armenians in America and France must also be weighed in the balance of the historical process of imperialism. We must try to comprehend the substance of the policy behind the bloody deeds committed

against Turkish envoys in Western capitals. How does it happen that Armenian memorials of hostility toward Turkey are erected in the public squares of large cities in America and France? How does it happen that designs on Anatolian territory can be organized with impunity legally, financially and politically? Do we not see that this trend developing from day to day and year to year has its feet firmly planted in the power of capital in France and America?

Capitalism (under cover of Zionism) still nurtures an offensive against Turkey, the Islamic world and the Middle East and pumps out a policy of aggression.

We must turn our eyes toward this phenomenon, at first considered unimportant. Has anything been done about the Armenian presence inside the organization of Western capitalism in Turkey today?

There is an Armenian Republic on our northeastern border. Why aren't the Armenians in America and France interested in this republic? Or why is there no sight nor sound of this republic yet the Turkish ambitions of Armenians turn into bloody crimes in the United States and France? Why are Turkish diplomats killed off one after another in the West? Answers to these questions must be sought.

We must make the effort to uncover the political and economic causes behind every attack on our national existence. Nationalism is not marching in the funeral procession behind every murdered diplomat.

The mind which cannot comprehend the Western moneylords giving Turkey loans with one hand while feeding the offensive against Anatolia and the Islamic world under the table with the other gets a zero on the nationalism test.

8349

CSO: 4654/162

ALDIKACTI: NEW CONSTITUTION TO REFLECT PEOPLE'S INPUT

Istanbul MILLIYET in Turkish 26 Jan 82 p 9

[Text] ANKARA. Professor Orhan Aldikacti who is Chairman of the Constitutional Commission has discussed the report concerning the Commission's activities for the last month. Aldikacti expressed his belief that in order to make the transition to a normal regime as quickly as possible the new constitution would meet with approval. He said: "I am of the opinion that a wide range of public opinion will accept our constitution so that the law governing political parties can be prepared and that elections can be held."

During a press conference that he held yesterday, Orhan Aldikacti discussed the report concerning the Constitutional Commission's activities for the last month. Aldikacti also replied to questions asked by journalists and stated that the Commission was pursuing its work in conformity with Decree 52 issued by the National Security Council.

The document discussed by Professor Aldikacti was the second working report issued by the Constitutional Commission. The report states that the Commission has been examining the law proposal that would bring changes to certain articles of the Turkish Penal Code as well as studying the law proposal governing popular assemblies and marching demonstrations. According to the report, reports concerning these matters have been presented to the Chairmanship Council. The report also indicates that five members of the Consultative Assembly have presented their views concerning the constitution at the Commission and that in view of current deliberations pertaining to the budget, statements by members will continue in February.

The report instructs institutions to submit completed questionnaires concerning the new constitution by no

later than 15 February 1982. The questionnaires had earlier been sent to the institutions. The report also states that 23 faculty members from the University of Ankara and the Faculty of Political Sciences have made known their views concerning the new constitution.

The report also indicates that some citizens have taken the initiative to express their opinions and suggestions concerning the new constitution by writing to the Commission. According to the report, these letters are being sorted and will be evaluated.

It is also stated in the report that questionnaires pertaining to the survey have been prepared. According to the report, the Commission has forwarded the questions to the Directorate of the State Institute of Statistics and the survey is to be conducted following the solicitation of the Commission's opinion.

After discussing the report, Orhan Aldikacti answered the questions of Journalists who asked about the work of the Commission. In reply to a question, Aldikacti said that until now retired teachers and military officers had been the most active in expressing to the Commission their views concerning the constitution and that no views had been expressed by former politicians.

Aldikacti said that no foreign constitution had yet been examined by the Commission and that an effort is being made to complete constitutional preparations as soon as possible.

In reply to a question concerning the timetable for the constitution Aldikacti said:

"We have not made a declaration saying that we would complete the constitution within six months. I have merely said that constitutional preparations could take more time and gave Italy as an example. Nevertheless, it is necessary that the work be completed as soon as possible. For this reason, our commission is working rapidly. We have begun the task of information gathering. It is not necessary to wait for the completion of the process of information gathering before beginning constitutional preparations. I can give no date concerning the drafting of the constitution. These tasks can be undertaken once the fundamental principles of the constitution have been determined."

Aldikacti provided the following reply to a question inquiring about contingencies in the event that the constitution is defeated by the outcome of the referendum:

"I am of the belief that the constitution we are preparing will be adopted. This is necessary for the preparation of the law governing political parties and the holding of elections as soon as possible. Public opinion as well as a broad base of voters will approve the constitution so that a normal regime can be established as soon as possible. If they wish to, they themselves can later change the constitution. However, our effort is towards the preparation of a constitution that is democratic, permanent and based on the support of a wide segment of public opinion. There is no point to preparing a one-sided constitution."

In reply to another question, Aldikacti said that in any eventuality the basic outline of the constitution would be subject to debate within public opinion and that the draft of the constitution would be shaped as the result of this debate. Aldikacti added that the Commission has been proceeding rapidly with work concerning the preparation of the constitution and refuted allegations that delays were being incurred.

9491
CSO 4654/155

DEFENSE COMMITTEE MP OPPOSES DANISH SUBMARINES

Copenhagen BERLINGSKE TIDENDE in Danish 6 Apr 82 p 5

[Article by Christian Brondum]

[Text] A Danish investment of billions in three new submarines for the navy, starting in 1984, could turn out to be a bad investment that would use up a large percentage of the defense funds for materiel acquisition for a long time, just as the purchase of the F-16 planes has done.

That is the opinion of Social Democratic member of Folketing Knud Damgaard who is a member of the Folketing Defense Committee and acting Home Guard commissioner. In contrast to Defense Minister Poul Sogaard, he would rather provide for Danish advanced naval surveillance and invasion defenses with modern listening equipment on the ocean floor combined with new mine types that are equipped with target-seeking torpedoes, among other things.

Since the defense agreement was reached between the nonsocialist parties and the Social Democrats last year, Knud Damgaard has asked a number of experts if there is an alternative to the submarines. The result has been a suggestion to Defense Minister Poul Sogaard that he investigate the alternatives. And now Poul Sogaard has agreed to ask the Defense Research Council to issue a statement by the end of 1982.

Poul Sogaard himself wants to buy three new submarines costing around 350 million kroner apiece at 1981 prices to replace four of the present fleet of six submarines and he wants the political decision made sometime in 1983, so the new submarines can be contracted for by 1 October 1984 at the latest.

Knud Damgaard says there are both technical and political reasons for buying underwater and landbased acoustical surveillance systems in preference to the submarines. "If the objectives and funds of the armed forces are to match, it may be necessary to come to terms with traditions. We can easily have a navy without submarines when better and cheaper alternatives exist," he said. "And I have not yet met anyone among my various contacts, with the exception of navy representatives, who can see any need for Danish submarines."

Knud Damgaard points out that from a submarine perspective, the Baltic is a very low-water area, making it difficult for submarines to avoid detection and destruction, especially from the air. His investigations indicate that surveillance of inner waters, especially the Great Belt and Oresund, could be accomplished with the help of both landbased and bottom-mounted or dropped sensors. More surveillance could be carried out by naval vessels and such vessels as the Home Guard's cutters. On these can be installed advanced sonar equipment for a very small amount of money and this could also provide the basis for Danish production of such equipment which is not produced in very many parts of the world. Finally, helicopters can be equipped with sonars for acoustical, optical and magnetic surveillance and helicopters are also well-suited as weapons platforms for antisubmarine weapons. And helicopters can also be used to drop advanced mines that are capable among other things of firing target-seeking torpedoes when they are activated from shore.

The operating costs of this equipment would also be lower than the operating costs of submarines, he said.

Knud Damgaard revealed that the Social Democratic Folketing group has now agreed that the alternatives to the submarines should be investigated.

6578

CSO: 3106/101

NAVY'S OPERATING COMMAND CHIEF DEFENDS NEED FOR SUBS

Copenhagen BERLINGSKE TIDENDE in Danish 7 Apr 82 p 3

[Text] Danish submarines cannot be eliminated as a very essential part of Denmark's advanced defense. At the same time Denmark's allies, especially West Germany, place very great emphasis on the Danish contribution to submarine defense in the Baltic.

So said the chief of the Naval Operating Command (SOK), Admiral Svend E. Thiede, who thus disagrees with Folketing member Knud Damgaard's proposal that Denmark refrain from replacing the present Danish submarines as they are being phased out during the 1980's. Damgaard has made studies which he says show that Denmark can perform the tasks that submarines perform today with the help of surveillance systems at sea and on shore in combination with new advanced mines and that this system would be cheaper. At the same time he feels that submarines in such relatively shallow waters are too vulnerable to attack.

"I am only familiar with Knud Damgaard's proposal through what I read in BERLINGSKE TIDENDE. But when we talk about submarines, we must bear in mind that they are combat tools for use primarily in the Baltic in order to create more depth in Danish defenses which otherwise have access to a very limited geographic area. It is not the task of submarines to perform surveillance tasks in inner Danish waters--that is where such things as landbased installations and patrol boats are used. Submarines can remain undetected for long periods of time far out in the Baltic which is actually very well-suited for operations with the small submarines at our disposal. The Baltic has a mixture of warm and cold water as well as fresh and salt water, making it difficult to use sonar to detect submarines. One must also bear in mind that the other coastal nations--Sweden and West Germany--rely on submarines to a great extent and the Soviet Union also employs strategic submarines of the Golf class."

Admiral Svend E. Thiede pointed out that it is not just the navy, but also the Defense Command that recommends acquisition of new submarines. "It is not veneration for the submarine tradition on the part of the navy, it is because we and our allies believe they are a very necessary part of the Danish defense system. One should also bear in mind that the navy is the only

branch of the service that cannot expect allied reinforcements in a war situation. Our allies--except for West Germany--simply do not have submarines suitable for use in the Baltic at their disposal," the admiral pointed out.

Knud Damgaard's proposal on alternatives to submarines is presently being discussed by the Defense Research Council. With his opposition to the submarines, Damgaard is in opposition to Defense Minister Poul Sogaard who would like to acquire three new submarines after 1984. They cost around 350 million kroner apiece in 1981 prices.

6578

CSO: 3106/101

TANK PROJECT WITH FRANCE RAISES NEED FOR JOINT STRATEGY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 27 Mar 82 p 10

[Article by Adelbert Weinstein: "Tanks and Politics--The Joint German-French Project"]

[Text] The French Army has greatly improved its most important type of tank, the AMX 30. Troops and engineers are satisfied with the AMX 30 B, which is the new designation. Yet this tank is regarded as a transitional solution only. The French forces wish to develop the tank for the 1990's. In view of the cost incurred by a tank which is to push into the "horizon of the year 2000," there is hope that a coproduction of France and Germany will materialize.

The French tank troops have the following specifications for this project: the gun is to attain a higher degree of penetration. For this reason its caliber is to be increased from 105 to 120 millimeters. The firing procedure during day and nighttime is to show a degree of performance at least as high as that achieved with the AMX 30 B. A more powerful engine is to ensure a more favorable drive to weight ratio. Maintenance is to become as simple as in the Red Army. Finally, the tank is to be made safer against hits, envisioning thicker tank shields at the front and a receding silhouette. Furthermore, the tank of the future is to be better protected against air raids.

The deliberations of the French aim in the direction envisaged by tank specialists of all armies: more armor plating, and more engine. Past are the times when there was discussion on whether or not the speed replaced a stronger armor plating and many kilograms of armor of one's own tank could be saved with a superior gun. This would result in an extension of the radius and an increase in ammunition reserves aboard. However, all of this is not being discussed. The German-French tank of the future does without a breakthrough which would result in a new type of tank. It will only be slightly different from the two core models presently forming the backbone of the troops: the AMX 30 and its modernized form of the French, and the Leopard II of the Germans.

So why not further develop these types? The Germans are active in manufacturing a new transmission for the "Leos." It will weigh considerably less.

the one used so far. It will react more flexibly and let the tank move through the terrain much easier. In addition tests are under way to use ceramic plates instead of tank plates; the protective power of the ceramic plates is astonishingly high. The Germans have also given the gun some thought. The present caliber is still sufficient. Our guns will penetrate the armor of the Russian T-72. The ammunition, which was developed for the 105-mm gun, and which the Leopard-I tanks and the 650 reequipped M-48s are equipped with, is excellent. According to the opinion of all experts, however, the 120-mm gun of the Leopard II has not reached its peak performance.

As could be read in the March issue of the DEFENSE NATIONALE periodical, the French, with their 30 B, also have a tank at their disposal that is capable of top-rate performance. The efficiency of this gun was increased by introducing special ammunition. The optics have been improved. The aiming procedure was automated to a large degree. A computer system provides range firing angle, and speed. All the gunner has to do is pull the trigger. Night firing is facilitated by means of a TV camera. An increase in engine power permits changes of positions within split seconds. The tank can be easily maneuvered.

During introduction of the first AMX 30 B to the troops in Mourmelon in January a general said that this tank was "capable of competing with any tank of our times." A total of 1,500 of these tanks is needed by the French Army, in the opinion of the general staff, if their conventional deterrent force is to be credible. Therefore all old AMX 30 models are refitted to the quality standard of the AMX 30 B. The new models already feature the required performance. One can speak of completely modernized French tank troops. However, the price is high: Every AMX 30 B costs 8 million francs, refitting costs 6 million per tank.

The cooperation project should be seen in the light of the valuation of the existing German and French tank capacities and the possibility of increasing their quality continuously. From the point of military engineering there is no reason to implement this plan. That leaves the political issues. The Federal chancellor views the cooperation as an important element of our foreign policy. But is that such a new idea? Arms policy has always been foreign policy at the same time. It was also for political reasons that we suggested the first joint German-French tank project approximately 10 years ago. The cooperation ended with disappointment. Each country built its own model. (The cooperation with the Americans also ended with a short circuit. Neither the U.S. tank officers nor the Germans could agree on a model.) It is true that the reasons resulting in disaster were different in each case. But with few exceptions it is also true the cooperation in the area of arms production is a difficult undertaking. This time a failure of the project can be predicted as well, particularly since the political argument for the cooperation is not very sound. Paris and Bonn wish to demonstrate their "independence" toward Washington.

If the German-French tank project were adhered to after all and contrary to expectations, then the German side would have to urge for a strategic return. Bonn should receive basic assurance from Paris to the effect that the classical French units of the 1st Army will be integrated into the defense scheme of

forward defense. Our French neighbors have time and again avoided the issue when asked to specify their position. Plans were, in fact, prepared to incorporate the French troops in the Kassel area into the alliance's defense system. The French are interested in defending the Moselle valley. A Soviet advance could be designed such that Red troops would attack France via Lorraine. This plan could be countered by a French reinforcement forward of the Westerwald and the Taunus, shielding the Moselle. This military plan, however, never took on a concrete political form.

When Giscard d'Estaing was president, the possibility was discussed "of extending the sanctuary of France forward." It was stated that France's defense zone did not end at its borders. The policy of deterrence remained with the idea of "strategic independence." Mitterand has not made himself any clearer. Paris is still standing on its independence. It is known that Minister of Defense Hernu backs the idea of "big deterrence." With regard to security policy he relies on the "force de frappe." The minister of defense does not contradict the thesis that a classical battle of French troops east of their own borders cannot be entirely excluded. It is said of the Socialist government that it concurs with its generals in that an attack of France would start early, far in advance of the country. However, like de Gaulle and Giscard, Mitterand avoids any statement which could bind France with regard to the forward defense. Furthermore, the present government has four Communist ministers. A German-French tank production would only make sense politically if Paris clarified its position on a joint strategy prior to the project.

9544

CSO: 3103/376

GOVERNMENTAL ARMAMENTS INDUSTRY POLICY ATTACKED

Athens RIZOSPASTIS in Greek 28 Mar 82 p 3

[Article by K. Kallitsis]

[Text] The movements toward the creation of a Greek armaments industry began during the dictatorship. At that time the institutional framework for its development was legislated also. In 1974, PYR-KAL [expansion unknown] (of the Bodosakis group) was the only substantial outfit engaged in producing armaments. It was furnishing about 20 percent of our annual consumption of ammunition. The government of the New Democracy Party pressed ahead with this cause. A military industry in our country--stated the then deputy minister of defense in April 1980--began to be created "after the change in government, on the advice of Premier Karamanlis." To this end, in 1977 the Amaments Industry Service was established. "The large aircraft industry"--envisioned the then minister of defense in November 1978--"the small arms industry, the construction at this time of six of the most modern rocket ships at the Skaramangas shipyards, the explosives factory, the battery factory, and a number of other factories will, I am certain, endow our country with a military industry within a relatively short period of time." The arguments made by the Right were that with the development of this armaments industry "some degree of independence from foreign sources of supply will be secured for our country," that "the dangers of acts of political blackmail are reduced," and that this industry will lead to exports and "will bring in foreign exchange."

Thus, under the direct guidance and domination of NATO, with complete dependence on the multinational companies of the United States, West Germany, France, and Austria, within the framework of imperialist plans for an internationalization of the production of military stores, and within the framework of the plans of the military-industrial complexes (which are transferring to so-called peripheral countries some of their branches which manufacture various accessory parts), the setting up has begun of the Greek military industry--an industry which did not exist before and which is not Greek.

Armaments factories are being set up (the EAV [Greek Aircraft Industry], the EVO [Greek Arms Industry], the VELEKTRA [expansion unknown], and so forth), other industries are being converted into arms industries (the Stagier company is stopping the production--or assembly--of tractors and is beginning to assemble military vehicles), orders for military equipment are being given to industries (to the Niarkhos shipyards, to METKA [expansion unknown], and others), and in various faculties of the Polytechnic work on NATO programs is being stepped up.

Dependence

The growth of the armaments industry remains an objective of the present government as well. "One of our chief objectives is to transform the armament industry from an industry engaged in maintaining and repairing equipment into a manufacturing industry," it was to be stated by Deputy Minister of Defense Petsos.

It is assumed that an autonomous military industry will be created, which will engage in exports and "will bring in foreign exchange." Large amounts of investment capital will be devoted to the creation of this industry. It seems that a key slogan of the new government is the so-called "co-production" of military equipment: We should manufacture heavy weaponry "together" or "jointly" with the military-industrial complexes of the United States or West Germany or France or Great Britain or Austria. But this is something which existed not only as an orientation but also as an embryonic state of affairs in the years when the country was governed by the New Democracy Party.

Thus at a time when the call for a reorientation and conversion of the armaments industry into a peaceable one is gaining ground in the liberal movements of capitalist countries which have a developed military industry and which, consequently, should devote considerable resources to this end (facing up, in fact, to certain painful structural problems--which would be even more painful in the future), the present Greek government has set its mind to expanding the small base of the existing dependent Greek armaments industry.

Beyond these things there are also other questions: What kind of "diversification" of the sources for your procurements can you have as long as you are nothing else than a member of NATO? What kind of "autonomy" can the country have when it is bound by a thousand tentacles (loans, patents, technology, and the like) from the multinational war complexes? When these not only are not being cut, but on the contrary are being strengthened? Or moreover, when our domestic industry is at its present level of development, particularly in view of its well-known structural problems and its also well-known dependence on imperialism? And when technology and research are at their present level, how much "autonomy" will you have in making use of military technology--and also what things, I wonder, will they be giving to you?

The Dangers

Thus, if this is how matters stand, then the following serious dangers loom ahead:

First, that our dependence may deepen and the opportunities imperialism has to exert various pressures may increase. This could happen if, for example, the Greece of NATO (and particularly of the enlarged NATO following the admission of Spain) and of the EEC operating under the Genscher schemes begins to participate in carrying out the imperialist programs for producing and selling armaments. For example, in connection with the much-discussed manufacturing of certain accessory parts (the "co-production") for the French Mirage or the Tornado of West Germany and Great Britain, or the American Phantom 16 or 19 and surely in connection with the purchasing of these.

Second, that our country may get entangled more deeply in imperialist schemes not only in the area of southeast Europe but also in the Arab region or that of Latin America. It should be noted that one notion of both NATO and the previous Greek government is that Greece should participate in the network of the so-called "Euro-Arab defensive association"--that is, cooperation between West-European imperialism and reactionary Arab regimes. And the reactionary regimes of Latin America are already customers of the Greek armaments industry. The KKE has introduced an interpellation respecting this into the Chamber of Deputies.

Third, that Greece may give support to militaristic programs and contribute to the further chasing after arms. As was noted already, within the context of specialization operations the military-industrial complexes are transferring the production of accessory parts to other countries. At the same time, the cohesion between these interfirm associations and the states as well as the machinery of NATO is deepening.

And the Crisis?

Finally, the development of an armaments industry cannot help having grave consequences for the Greek economy--an economy which at its present level of development is being hurt by the structural crisis in a direct and harsh manner. And this is the case for many reasons.

Armaments production "from a directly economic point of view is as if the nation were to throw a part of its capital into the water," wrote Marx. It is a peculiar kind of "withdrawal" from the process of the reproduction of a part of production which is used neither as a consumption good nor as a means for further production. Thus, the pace of development is forced further downward. Instead of factories being built which will produce tools and increase production, instead of schools, hospitals, and consumption goods being made which will improve the life and productivity of the working class, instead of dams and irrigation projects and other investments in the agricultural economy being carried out, arms are produced--that is, warfare is created.

The magnitudes of the inflation and of the deficit in the balance of payments are enlarged. The relevant technology becomes obsolete rapidly, requiring new investments continually, and it increases in expensiveness extremely rapidly--which gives tremendous profits to imperialism. As for "foreign exchange," which is being exploited as the magic word, this can come in to a much greater degree through the development of peace-related production and through the reestablishment of our international economic relations on a basis of equality--something which presupposes a break with imperialism.

Unemployment is not dealt with in a decisive way by an armaments industry, but on the contrary is made worse. In the United States it has been calculated that \$1 billion of military investment gives work to 76,000 workers, while peace-related investment of equal value gives work to 100,000 workers. At the same time, the armaments industry usually assimilates a significant part of the most skilled workers in the labor force, leading to the squandering of manpower.

An armaments industry aggravates the problems connected with raw materials, and depending on its development it leads to a headlong--and non-productive--consumption of non-renewable natural resources, such as nickel, silver, copper, lead, and so forth.

It distorts the purpose of scientific-technical progress, diverts scientists from theoretical research and confines them to searching for methods of practical applications. In Greece's case in particular, it would be at the very least unrealistic for us to expect that this armaments industry will develop scientific research on the basis of or by means of the military technology of the imperialists.

12114

CSO: 4621/273

MILITARY

GREECE

BACKGROUNDS OF NEW NAVY CHIEFS DISCUSSED

Athens ELEVETHEROTYPIA in Greek 24 Mar 82 p 7

[Text] Vice Admiral N. Pappas, chief of the GEN [Naval General Staff], is 51 years old. He graduated from the Naval Academy in 1952, the fifth in his class. He is one of the very few if not the only officer in the navy who throughout his term of service has "spent his life aboard boats," as they say. There is no type of vessel in our navy which Nikos Pappas has not captained. There is no squadron, flotilla, or fleet of ships which he has not commanded: He has been captain on mine sweepers, patrol boats, LST's, convoy ships, and destroyers. He has been the commander of rocket ships and in command of the entire destroyer fleet--a career spent with salt and gunpowder all around him. He is a graduate of the Staff College, of the National Defense School, and of the Neapolis Naval School. The chief of the GEN is considered by all to be the most combat-ready officer in the navy.

The chief of the fleet, Vice Admiral Athan. Giongezas, is 52 years old, He graduated from the Naval Academy in 1952, being a classmate of the new chief of the GEN. He participated in the naval uprising and was grilled for 90 days at the EAT/ESA [Special Investigations Department/Greek Military Police]. He used to be the captain of the destroyer "Aspida," and he has been commander of a squadron of destroyers, a captain of mine sweepers, chief of staff of the Naval Training Command and deputy chief of the GEN, and commander of the Naval Administration.

12114

CSO: 4621/273

FIRST DEPUTY POLICE CHIEF APPOINTED

Athens TA NEA in Greek 30 Mar 82 p 8

[Text] Panagiotis Raftopoulos, general chief of the Athens Police until yesterday, has been chosen as the first deputy chief of the Cities Police by the supreme council of this body.

Raftopoulos is a graduate of the School of Law of the University of Athens, with a concentration in political and economic sciences, and he has attended seminars abroad (France and England) on subjects of public security. Before becoming general chief of the Athens Police, he served in many non-administrative police divisions and was the commanding officer of Athens General Security and the Aliens' Center.

Since 1958 the new deputy chief has done a good deal of writing (special criminal laws, studies on the criminal code, criminal procedure, and so forth), and as of 1958 he has been a teacher in schools of the Cities Police. He also teaches criminal law to the officer cadets of the Fire Corps.

The position of second deputy chief of the Cities Police will be filled by the general chief of the Piraeus Police, Kon. Papasotiriou, who will be examined by the police council this coming July when he will have completed the eligibility period for promotion. At the same time, Papasotiriou will also be performing duties of general chief of the Piraeus Police.

Toward the middle of the week, the police chiefs first class will be examined by the supreme council of this body. Four of these will be promoted to the rank of general police chief and will fill the vacancies which have been created. Candidates for this promotion are the commanding officer of the Athens Traffic Police, Kyriakos Mikheloudakis, the commander of Athens General Security, George Sambanis, and the commander of the Immediate Action Force, Emman. Sifakis.

In addition, it appears that the position of chief of the Suburbs Police will be filled by Brigadier General Romosios.

10114

CSO: 4621/273

GENDARMERY COLONELS PROMOTED, RETIRED

Athens I KATHIMERINI in Greek 25 Mar 82 p 2

[Text] Some 21 colonels of the gendarmery are being retired following a decision by the supreme council of this body, which met in the evening the day before yesterday under the chairmanship of the chief of the gendarmery. More specifically, of the 62 colonels and the three surgeons general of this body who were examined by the council, 43 were deemed qualified to continue in active service and one qualified by seniority--in accordance with the provisions concerning 35 years of service--who is being promoted to brigadier general without a post provided for by law and who will be retired 30 days after this promotion. The remaining 21 were deemed to have honorably completed their careers and will be promoted to the rank of brigadier general without posts provided for by law. Those colonels honorably completing their careers are the following:

Them. Kondos, Dim. Angelopoulos, Pan. Stefanou, Kon. Karangounis, An. Khalioulis, Pan. Andonopoulos, Fot. Prinos, Al. Giannopoulos, Theof. Kostoulas, Pan. Selimis, Evang. Tzortzis, Ioan. Protopappas, Ioan. Koutoulas, Geor. Boulios, Diom. Anastopoulos, Thom. Tassopoulos, Geor. Andrianos, Thom. Bessas, Geor. Gotsis, Kon. Konstandopoulos, and Ioan. Kouparitsas.

Also, Colonel Khristos Poziopoulos is promotable by reason of seniority, in accordance with the provisions concerning 35 years of service in Article 31 of Law 671/1977.

Qualified to Remain

The colonels of the gendarmery qualified to remain in active service are the following:

Pan. Karambasiadis, Pan. Khrysanthakopoulos, Kon. Gardiakos, Geor. Romosios, Grig. Gouridis, Evst. Kyriakoulakos, Lam. Krikelis, Geor. Papatsioris, Pan. Alevromytis, Styl. Massos, Ioan. Mouzourakis, Nik. Routsis, Nik. Sassalos, Nik. Kanderakis, Nik. Bakogiannis, Ioan. Makrakis, Kon. Andrianopoulos, Khris. Pyloridis, Em. Vasilakis, Pan. Panagiotakopoulos, Mikh. Mastrogiannakis, An. Evstathiou, Kon. Papathanasiou, Vas. Vasileiou, Evang. Khatzimarkakis, An. Giannakopoulos, Ioan. Poulakos, Ioan. Kapaslis, Geor. Oikonomou, Il. Theodorakis, Anast. Giannakopoulos, Khris. Georgousis, Theod. Bouloukos, Il. Oikonomakis, Kon. Kharalambopoulos, Sym. Kondopoulos, Kon. Papakonstandinou, Ath. Thomopoulos, and Ioan. Latzanakis.

Also deemed qualified to continue are the surgeons general of the gendarmery:
An. Emmanouilidis, Al. Andranakos, and G. Dalamangas.

On the basis of the law, those who will be promoted will be selected from these names--regardless of their place on the list. That is, all who have completed 1 year of service at the rank of colonel and are as far as n ll [sic]. Those who are passed over will be retired. For all those positions which are not filled, a selection will be made after 1 June 1982 for those who will have completed the required time to be eligible for promotion.

12114

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ARMED FORCES TO RESTRICT USE OF F-16 IN AIR SUPPORT ROLE

Oslo AFTENPOSTEN in Norwegian 14 Apr 82 p 20

[Article by Knut Falchenberg]

[Text] The areas where fighter planes are allowed to fly low will be greatly expanded Thursday. From now on low-altitude flying can be done over uninhabited areas in all parts of the country. The new Norwegian F-16 planes, however, are considered as too expensive and too advanced to support the Army against an enemy on the ground, and the fliers' need for training in flying at low altitudes will therefore decrease. On the other hand the Air Force lays increased stress on the ability to overcome enemy planes in the air and is planning procurement of a new rocket weapon.

The Air Force has recently sent letters to the civil air authorities, the Ministry of Environmental Affairs, and representatives of the reindeer-herders and fur-bearing animal raisers, in which they are invited to suggest candidates for a committee to consider the effect of the new low-altitude flight regulations. The Armed Forces hope in this way to avoid possible inconveniences as a result of the new regulations.

Lt Col Thor Eidem of the Air Force Staff tells AFTENPOSTEN that up to now Norwegian fighter pilots have done low-altitude flight training chiefly over Hardangervidda, over the Saltfjell, and over the Fosen Peninsula. Now by greatly expanding the areas it is intended both to give the Air Force better training opportunities and at the same time to scatter the environmental noise pollution. The new low-altitude flight areas extend all over the country, but with the exclusion of built-up sections, areas containing fur-bearing animal farms, nature preserves, and other exposed places. In this way it is believed possible to eliminate the minimum altitude of 2,000 feet that has been observed during the whelping season of mink and fox.

The general minimum altitude remains at 1,000 feet, with the possibility of flying as low as 500 feet with special authorization.

From now on, foreign fighters will be allowed to practice low-altitude flight over Norwegian territory only in connection with maneuvers, and then the fliers must

first land at a Norwegian airport for a special orientation by officers familiar with local conditions. In contrast to the situation today, low-altitude flight training direct from bases in Denmark, North Germany, and Great Britain will not be permitted.

Col Nils Chr. Astrup, the air service inspector, tells AFTENPOSTEN that from time to time it has been a headache for foreign planes to burst in over the border--with an explanation by radio, but without a more extensive orientation about how flight noise can create problems on the ground, for example by frightening fur-bearing animals into towns.

Astrup says that the role that has been assigned to the new F-16 fighter planes requires less low-altitude flying.

"We have reevaluated the use of the fighter planes and found out that close support of army units in the field is the least profitable for that type of plane. Even if the Armed Forces must fight with their backs to the wall, I have little expectation that these planes would be used as the lengthened arm of the Army against advancing enemies," says Astrup.

"On the contrary, we feel that these planes best utilize their unique characteristics in air battles, plane against plane. This year deliveries to the Air Force of a new type of 'Sidewinder' rocket with the designation AIM-9L will begin. This rocket has a range of between 5 and 15 km, depending on whether one is attacking the enemy's plane from behind or shooting toward an oncoming plane. The rocket is far advanced from the older 'Sidewinder' rockets Norway has in the arsenals. The rocket uses an infrared target-finder when it is searching for its target. This target-finder is affected by poor visibility, and works best in good weather.

"In the Air Force we think it will be necessary to supplement it with the radar-controlled rocket AMRAAM, which can shoot at targets long before they can be seen with the naked eye. With such a longer-range rocket under the wings we can fully utilize the F-16 plane's properties, and in the Air Force we are planning procurement of AMRAAM rockets within a few years' time," says Astrup. [AMRAAM - Advanced Medium-Range Air-to-Air Missile]

In addition to the F-16's rôle as guardian of the air space, the planes with homing Penguin rockets will guard the coastal waters against ships that are attacking Norway. To train for that rôle the pilots have need of training at low altitudes along the coast.

"The plane is intended for the rôle of meeting threats in the air and on the sea, and these two missions are more than enough for a pilot in a single-seater plane. If in addition it were necessary to support the Army against ground troops, that would be one mission to many to train pilots for," Nils Chr. Astrup tells AFTENPOSTEN.

BRIEFS

REPAIRING OF RESCUE-SUBMARINE DELAYED--It has taken much too long to modernize the Navy's only rescue-submarine "Belos." One important explanation is lack of cooperation between the chief of naval operations and the Defense Materiel Administration. This is evident from a report prepared by the National Accounting and Audit Bureau on how the "Belos" matter has been handled. Despite the decision to modernize the ship having been taken more than 7 years ago, the work is far from finished. Finally, the personnel of the "Belos" reported the handling to the National Accounting and Audit Bureau. From the bureau's report it appears that the modernization of "Belos" has taken unnecessarily long. The reason for this is partly that the purchaser, the chief of naval operations, and the supplier, the Materiel Administration, quite simply had different ideas of what the modernization should entail. In its report the Accounting and Audit Bureau stresses how important it is that the naval operations chief and the Materiel Administration "should arrive at a joint view of needs and feasibility before a procurement decision is made." Concerning the actual work of modernizing the ship, it says: "The matter has been delayed primarily because the technical specifications were insufficient and purchasing did not in all respects meet the requirements for a businesslike approach." [Text] [Stockholm DAGENS NYHETER in Swedish 24 Mar 82 p 38] 11949

3109/134

NEW SYSTEMS INCREASE TEST, REPAIR AUTOMATION FOR PLANES

Paris ELECTRONIQUE ACTUALITES in French 12 Mar 82 pp 1, 8

[Article by G. Bidal: "The Third Generation of Aeronautical Test Systems Arrives on the Market"]

[Text] Third generation automatic integrated maintenance systems for aeronautics and weapons are presently making their appearance with the three major French manufacturers (Aerospatiale, ESD, and SFENA). The foremost characteristic of this new generation is the acknowledgement of digital techniques in avionics. But this evolution reopens the question, especially sensitive for first echelon maintenance, of the future role of integrated systems in the light of the evolution of equipment, and especially of the equipment's self-testing capabilities.

The concept of automatic integrated maintenance has decidedly permeated the sectors of civilian and military aeronautics, as well as of weapons--at least according to figures--given that nearly 1000 dedicated systems have been produced or ordered in France since their introduction a good 10 years ago. This represents a respectable turnover when one considers that the cost of these systems falls between 1.5 and 10 MF.

Aerospatiale probably covers more than 50 percent of the French production, with its ATEC department which works essentially for civilian aeronautics (some 100 systems sold to 30 companies), and its Tactical Materiel Division (DET), which has delivered or received orders for nearly 250 systems of the Scamp family. If to this we add the 250 delivered or ordered portable systems descended from the same line, in particular for the Roland missile system, Aerospatiale should receive about 500 total orders for this type of equipment.

The two SNIAS (Aerospatiale) units have decided to coordinate their third generation products with the joint system AS 80, which will be marketed under the name ATEC 5000 by ATEC, and Scamp-IV by DET. This third generation, whose first prototypes will soon be placed in operation, primarily reflects the evolution of equipment toward digitalization and the use of data bus lines. It will make it possible to cover second, third, and fourth echelon maintenance for weapons systems (ASMP, AS 30 Laser) or military (Mirage 2000) and civilian avionics (Airbus A300 and similar programs). It differs from previous generations by its higher computer

power (a Mitra 225 instead of a Mini 6), the introduction of a compiled Atlas language alongside an interpreted intermediate language (called Slang at DET and Atol 50 at ATEC), and greater modularity through the use of an IEEE-488 bus. Some fifteen units have already been ordered.

Aerospatiale is equally as interested in helicopters (maintenance studies are being carried out for Super-Puma and Dauphin) and armored vehicles (three test systems that are in production have been ordered by GIAT).

Sfena is also entering the third generation with its Sesame 2600 system, but is aiming this equipment to the marketing of universal card testers that are equally suitable for production, and which go far beyond the boundaries of aeronautics.

First Echelon

For first echelon maintenance, the only integrated test program has been carried out by ESD in collaboration with Matra, with the Automatic Field Repair System (SDAP), designed for the Mirage F1 program (or should one say programs). More than 80 systems have been built or are on order, three-fourths of them for exportation. SDAP is also entering its third generation with a new SDAP designated as "compact," whose first mass produced samples are currently being placed in use. Some 15 units are on order. Compared to the second generation, the evolution of the system can be measured by the weight difference (1250 kg for the new one against 3500 kg for the old), obtained through the use of hybrid components and the replacement of relays with static switching, together with a much larger number of input/output channels (more than 2200 compared to 1700). The rigid automatic design has been changed to a more modular and especially more interactive structure thanks to a dialog keyboard. The adoption of the Atlas language is not new, since the role that ESD has played in promoting this language is well known. Here again, the adoption of the IEEE-488 bus provides this new generation with a modularity which was in any case quite necessary given the large number of different versions of this plane. Access to the Cma digital bus makes this new SDAP a device whose principle is adapted to all post-F1 military craft.

Renewed Interest in Digitalization

In a general way, the transition to digitalization and the new self-test capabilities of most devices, have significantly upset the design of integrated maintenance systems. Manufacturers as well as official agencies are devoting a great deal of attention to this subject, and no guess can yet be made about the decision that will be reached. Three possibilities exist. First: integrated testing is eliminated, at least at the first echelon, trusting the self-testing capabilities of the equipment. But this approach remains doubtful because the coverage of self-testing, its costs, and its weight and size, are not yet well mastered, without even considering the testability of the "system" composed by the the equipment as a whole. Second: return to the conventional "packages" specific for each craft or vehicle (generally manufactured by the craft or vehicle supplier), most of which had been supplanted by the introduction of integrated maintenance. And third: we can envisage the general use of a lightened integrated test, thanks

to the ease of access of digital buses and the centralized use of self-testing equipment. The latter approach is already underway with the third generation, which considerably simplifies the materiel, particularly in terms of connections and in terms of the value added by software.

In fact, it is probable that the three approaches could be proposed depending on the specific conditions of each contract. In commercial terms, the concept of overall servicing has become predominant, and here, the level of training of operators is quite important. At the same time, the actual concept of maintenance echelons tends to become relative. For instance, the availability of a second echelon integrated system will make it possible to lighten the equipment used for first echelon, to the extent to which unjustified down-times are less penalizing because they are more rapidly detected.

These different points acquire their full importance in exportation, where the conditions of use, the technical training of operators (as well as the financial resources), of the customers can vary considerably.

The hesitation of the technical services about the definition of first echelon test means for the Mirage 2000 truly reflects the current quandary. However, it is expected that automated integrated means will remain necessary for export sales of this plane, even if the French Air Force, given the training level of its services, can expect to return to lighter testing means. Moreover, the advent of digitalization has enabled integrated systems to fulfill new functions that are not directly associated with maintenance, such as performance control, or the loading and verification of software associated with a change in missions, for instance.

If digitalization is indeed being reconsidered, this reconsideration therefore devotes more attention to the new functions and the introduction of integrated systems in the general organization of maintenance. As we have seen, this is one evolution for which manufacturers have prepared themselves in terms of system modularity and interactivity.

But we must not forget that the test system represents only one part (often less than 30 percent of the full cost) of a full service commercially provided by the aircraft manufacturer (except for the narrower civilian market). We can therefore expect that in the intermediate term, the greatest effort will be devoted to automation, not only for maintenance, but also for total logistics. That is why Aerospatiale is developing a new product, which should become available in two years, for its internal use; it will combine test functions with the management of parts, their availability, and their quality.

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GREECE

BRIEFS

POPULATION STATISTICS--Greece's population on 5 April 1981 stood at 9,740,151, compared with 8,768,641 in 1971, and that of Athens at 3,027,331 as against 2,540,241 ten years ago. Figures released by the National Statistics Service, following a census held in April last year, also show that in the course of the last decade the population of Thessaloniki increased from 710,352 to 871,580 that of the whole of Macedonia from 1,890,684, to 2,121,953 and that of the Peloponnese from 986,912 to 1,012,528. Of all Greek regions, only the population of the Ionian islands showed a decline, from 184,443 in 1971 to 182,651 in 1981. [Text] [Athens ATHENS NEWS in English 10 Apr 82 p 4]

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